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PARIS, WEDNESDAY, JUNE 24, 1987

Opposition Leader To Meet With Chun On Halting Violence

By Lena Sun

Washington Past Service SEOUL - President Chun Doo Hwan and a prominent opposition leader have agreed to meet effort to end nearly two weeks of street violence in South Korea, offi-

> Mr. Chun and Kim Young Sam agreed Tuesday to meet after Mr. Kim was reported to have dropped two conditions to holding the talks One was that another opposition leader, Kim Dae Jung, be released from house arrest. The other was that the more than 200 protesters detained over the past two weeks be released.

Kiosk

Soviet Vaulter Sets Record

PRAGUE (Reuters) - Sergei Bubka on Tuesday night set the seventh pole vault world record of his career, soaring over the bar at 6.03 meters (19 feet, 9¼ inches.)

Mr. Bubka, the world and European champion and the only person to clear 6 meters broke his own record of 6.01 meters, which he set in Moscow in July.

The record was set at the Rosicky Memorial Grand Prix, which was interrupted by tor-



A scene from "Hard i imes Dickens: London theater reviews, Page 7.

GENERAL NEWS

A French court refused to try an embezzlement case against Jean-Claude Duvalier. Page 2. # Jews from the United States and elsewhere arrived in Rome to protest Kurt Waldheim's visit to the Vatican.

BUSINESS/FINANCE # U.S. prices rose 0.3 percent in May: durables orders dipped

Dow close: DOWN 5.78 The dollar in New York: DM £ Yen FF 1,8345 1,603 146.05 6.1225

0.1 percent.

* operation

. . 4.

In return, government officials agreed to allow Kim Young Sam to consult with Kim Dae Jung.

Mr. Chun declared an end to debate on political reform in April and had refused to talk with his opponents. He announced a change of mind Monday and of-fered to meet at the presidential residence with Kim Young Sam and others.

The meeting between Mr. Chun and Kim Young Sam, president of the main opposition party, the Reunification Democratic Party, comes at a time when Mr. Chun is beset by the worst political crisis in his seven-vear-rule.

The talks between Mr. Chun and Mr. Kim are one of a series of highlevel meetings among government, opposition and U.S. officials that are expected to take place Wednesday and Thursday.

Gaston J. Sigur Jr., assistant secretary of state for East Asian and Pacific affairs, arrived Monday in Seoul and met with Foreign Minister Choi Kwang Soo and Cardinal Kim Sou Hwan, leader of the country's two million Catholics.

Kim Young Sam, in preparing for the meeting with Mr. Chun on Wednesday, said he would seek a retraction of Mr. Chun's April 13 decision suspending talks with the opposition on reforming the constitution. He said he would demand a national referendum on how the next national leader should

party. It wants direct election of the president while the ruling party is Is Double '85 Total proposing a parliamentary system neaded by a prime minister.

"When the government guarantees that we can have a democratic overnment." Mr. Kims said. "then there won't be any demonstrations

Mr. Chun is under extreme pressure to introduce democratic reforms. Still, on Tuesday, he proected a business-as-usual image, leaving town for the day for the official opening of a pair of nuclear See KORKA, Page 6-

By Ferdinand Protzman

FRANKFURT -- Volkswagen

biggest automakers in Europe and

agreed to join forces to produce up

to 15,000 Toyota pickup trucks a

Analysts said the accord, the

third such venture between Japa-

nese and European automakers in

Europe, appeared to leave the door

open for a later agreement on car

"Initially, the VW-Toyota agree-

ment may involve only an exchange

of technology or know-how on

trucks," said an industry analyst

for Westdeutsche Landesbank AG

in Düsseldorf. "But the Japanese

realize that they must eventually

produce autos in Europe to protect

Japan sold more than one mil-

lion cars in EC nations in 1986, and

their market share and access."

year at a VW plant in Hannover.



TANKERS COLLIDE - Six persons were missing after two fuel tankers collided Tuesday on the Seine in northwestern France. Page 2.

Widened Lead in '86 as No. 1 Debtor

The opposition has said the current system, in which the president is chosen by an electoral college, is open to manipulation by the ruling To Rest of World

WASHINGTON - The debt owed by the United States to the rest of the world more than doubled in 1986 to \$263.6 billion, sinking the nation deeper into its position as the world's No. I debtor, the ument reported Tuesday.

The Commerce Department said that the new debt burden was 135 percent higher than a revised \$111.9 billion in debt to foreigners

VW, Toyota Agree on Truck Venture

In Germany to Counter Trade Pressure

AG and Toyota Motor Corp., the auto marketplace, however, Japa- auto production agreement with

nese automakers have begun turn-

Japan, said Tuesday that they had ing to joint ventures as a way of been a great success. Since its in-

The VW accord, for example,

effectively gives Toyota an oppor-

tunity to boost its sales in Europe

by 15,000 units a year without run-

ning afoul of import restrictions.

Honda Motor Co. and Nissan Mo-

tor Co. have similar joint-venture

"It's an effort to get a local pro-

production operations in Britain.

duction base with a minimum of

risk." Ben Moyer, a Merrill Lynch

The accord, which calls for VW

truck under license, had been ex-

way for several months and Carl H.

analyst, told Reuters.

sales to be about 20 percent higher. chairman, indicated last week that

circumventing the possibility of ception in 1984, sales of VW's San-

formal trade curbs on their exports. tana model, jointly produced in Ja-

to produce Toyota's Hi-Lux pickup begin production in early 1989,

pected. Talks between the two first year. Production after 1990

automotive giants had been under could rise to 15,000 trucks a year.

In the face of growing hostility to a pact would be signed soon.

at the end of 1985. That year marked the first time

since 1914 that America was classified as a debtor nation. Debtor status means that foreigners now own more in U.S. investments than Americans own in foreign invest-Analysts had expected the figure

to be around \$200 billion. At \$263.6 billion, the U.S. debt exceeded that of the next three biggest debtor nations combined, Bra-Mexico and Argentina. For 1986, foreign investment in

the United States shot up 26 percent to \$1.331 trillion. That offset a 13 percent increase in U.S. invest-See DEBT, Page 13

Nissan, but analysis said it has not

pan with Nissan, have fallen far

A VW spokesman said Toyota

will initially supply motors, drive

trains, axles and brakes for the one-

ton trucks, accounting for more

than 50 percent of the parts and

satisfying the European Communi-

ty's local-content requirement. The

percentage of VW-produced parts

will be evaluated as the project de-

velops and may be raised, he add-

The companies said they hope to

with a target of 8,000 trucks in the

Both VW and Toyota will mar-

short of expectations.

that the United States was carrying Dollar Ends Lower As Split Emerges On Its Direction

By Ferdinand Protzman

The dollar shed strong early gains Tuesday to finish mostly low- \$1.6030 from \$1.5875. er in Europe and New York, reflecting newly split opinion in the lieve that the U.S. currency has market on whether the U.S. curren"bottomed out," and is beginning a cy's slump has finally ended.

The dollar's rally in Europe crumbled in late dealings on rumors that the U.S. Federal Reserve was selling dollars just below the

levels of 1.85 Deutsche marks and 147 yen.

News that the U.S. foreign debt more than doubled in 1986 to \$263.6 billion further depressed the currency. In New York, it ended at 1.8345 DM, down from 1.8470 DM at Monday's close, and at 146.05 ven, down from 146.20.

It also weakened against British pound, which rose to

While some exchange dealers be-"bottomed out," and is beginning a gradual upward trend, the majority of them remain bearish.

But the division of opinion is in itself a substantial change, dealers See DOLLAR, Page 13

Syrian Denies Ultimatum on Kidnapping

By Ihsan A. Hijazi

BEIRUT - A high-ranking Syrian officer said Tuesday that force will not be used for the time being to secure the release of a kidnapped S. journalist, Charles Glass, and a Lebanese businessman, Ali Osseiran, who was his host.

Glass were seized by gunmen last Wednesday as they were driving in one of the predominantly Moslem Shiite southern suburbs of Beirut. The fundamentalist faction,

is holding the captives. Last February, Brigadier Kan-

He visited the southern suburbs Tuesday and met with Sheikh Mospiritual head of Lebanon's one-

Sources close to the Syrian command said Brigadier Kanaan is tion during a meeting with Mr. sounding out Shite leaders on the possibility of sending Syrian troops into the suburbs, a hotbed for Shiite extremists, with a population of

The possible Syrian deployment was discussed Monday night at a meeting between Brigadier Kanaan and Nabih Berri, the minister of justice who leads the largest Shiite militia, Amal.

factional clashes have underlined the need for Syrian military contingents in the southern suburbs.

Brigadier Ghazi Kanaan, the chief of military intelligence for 30,000 Syrian troops in Lebanon, denied reports in the Beirut press that the Syrian command had fixed Tuesday noon as deadline for the hidnappers to release the hostages. According to the reports, the Syrians had threatened to resort to force if the ultimatum went un-

Mr. Osseiran is the oldest son of the Lebanese defense minister. Adel Osseiran, who denied a story in the leading daily newspaper, An-Nahar, on Tuesday that he would resign if his son were not set free by

midday Tuesday.

Hezbollah, or Party of God, which is linked to Iran, has denied that it

aan supervised the deployment of 7,000 Syrian soldiers in Moslem West Beirut and routed militiamen who had engaged in bitter street lighting.

He returned to Beirut two days ago with instructions from President Hafez al-Assad to find the missing American and his Lebanese companions.

million Shiite Moslems.

about 700,000.

The daily newspaper, Al-Ha-kika, known to reflect Mr. Berri's thinking, said in its lead story Tuesday that the latest kidnappings and

■ U.S. Denies Talks Are Set In Washington, however, the State Department took issue with Mr. Rowny's statement, Reuters reported

Hearings Focus on Iranian Go-Between

auto industry experts expect 1987 Hahn, VW's managing board

By Stephen Engelberg

Yew York Times Service

PARIS — The second phase of

the congressional Iran-contra hearings, focusing on the arms sales to lian, opened Tuesday, with one suestion certain to be at the center of Jehate. That question is: why did the

United States gamble its prestige on Manucher Ghorbanifar, the expatriate Iranian businessman who neiped orchestrate the secret deals, even though many in the government viewed him as unreliable and as a liar?
Alluding to the Reagan adminis

nation's penchant for relying on him as an intermediary, Mr. Ghorbanufar said recently: "If they think I cheated them, why did they keep coming back to me. In this new phase of the hearings,

the committees plan to examine the administration's and the president's obsession with the American hostages in Lebanon, which was so intense that it led many officials to overlook Mr. Ghorbanilar's quesnonable reputation.
"For the American side," Mr.

Gherhanifar said. "the hostages were even more important than better reigions with Iran. They were pushing for the hostages in eren single meeting in every single contact with fran."

with this enternatio man leaves sev-The engineers across as an inveterate verified. But the account of five cials were fured into exchanging crai impressions.



'If they think I cheated them, why did they keep coming back to me?"

sometimes offers riddles in place of direct explanations for what he has ther by others involved or by U.S. done; he will not talk at all about government documents. the factional struggles inside Iran that led the administration to seek far challenged an American view of A series of a presentions in Paris an opening in Tehran in the first

Not everything he says can be which gullible White House offi-cials were fured into exchanging

--- Manucher Ghorbanifar deal-maker with seemingly bound- separate conversations with him

> could be confirmed elsewhere, ei-In the interviews, Mr. Ghorhanithe Iran dealings that describes them as a clever confidence game in

weapons for a promise, never com-pletely fulfilled, that Americans taken hostage in Lebanon would be released.

From Mr. Ghorbanifar's point of view, the Iranians were cheated by the American side, which repeatedly overcharged Iran for weapons and failed to deliver on

Mr. Ghorbanifar provided copies of financial documents he has turned over to the congressional committees in support of his assertion that he made no money from the weapons shipments. He also made these points:

The arms sales by America

were known to and approved by all elements of the Iranian government. "Nobody has private money in the government," he said. "The budget is from one place." American officials have said Mr. Ghorbanifar led them to believe they were dealing with moderates struggling for power after Ayatoliah Ruhollah Khomeini dies. not with

radicals who supported terrorism.

• Iranian officials used a threeless enthusiasm for complex plots that follows largely includes mate-pronged approach when dealing rial about the Iran arms affair that with the radical Shiite Moslem groups believed to be holding the hostages in Lebanon. First, he said, they would dispatch religious leaders; if this failed, money would be offered; and if all else failed, the Iranians would send armed opera-

> • Mr. Ghorbanifar said the Rev-See GHORBANIFAR, Page 3

From Montenegro, Roundabout Road to Better Life

By Henry Kamm New York Times Service

RAIN DELAY - Groundsmen pulled the covers over

Wimbledon's center court Tuesday on the second day of

rain, but the showers later stopped and Boris Becker,

Ivan Lendi and Stefan Edberg won first-round matches.

TUZI, Yugoslavia - The black mountains of Montenegro have been verdant in the fullness of spring, and young men's fancies are turning to Mexico - and the lure of the border

to its north. For many years, ethnic Albanians from this underdeveloped region just across the mountains from Albania have been entering the United States illegally, to join relatives who entered earlier under a subterfuge.

"Those who come back to visit in the summer do a lot of advertising for America." said the Reverend Gojcaj Pashko, an ethnic Albanian priest at the Franciscan Mission of St. Anthony of Padua in Tuzi. As a result, said Zoran Gregl, undersecretary

for foreign relations of Yugoslavia's Republic of Montenegro, the "Mexican connection" rises to peak activity every August. They come from America with their gold

They tell them all about striptease and life in America."

Mr. Greel said that since the mid-1960s, from 18,000 to 20,000 ethnic Albanians from this region had migrated to the United States. In the ginning, according to the official, as well as the Reverend Markolaj Deda, another Franciscan, the road went through Italy.

Pretending that they had entered Yugoslavia as refugees from repressive Albania, entire families persuaded American officials at refugee camps in Italy to grant them immigration visas with status as politically persecuted people. From this legal nucleus, the "Mexican connection" developed.

Almost everybody in Tuzi, as well as in the dirt-poor hamlets belonging to the villages of Play and Gusinje farther east, has brothers, sisters or children in the United States. About 5,000 Albanians live in Tuzi, the Roman Catho-

rings and gold watches and their dollars," Mr. lie priests said, and about 5,000 in the United Gregl said, "They are rich for people from here. States — many in Detroit, Chicago or Cleve-States - many in Detroit, Chicago or Cleveland.

In the Play and Gusinje area, most of the ethnic Albanians are Moslems. They, too, seem to have an equal number of compatriots in the United States, with New York the favored center.

out the region because, driven by yearnings for home, many of the migrants return for long stays on native soil. They build houses, make their Social Security pensions go farther than they would in Brooklyn and enjoy living in the mountain calm, surrounded by familiar languages and sights.

16 years or so they did not acquire U.S. citizen-

Best country in the world, everything in

U.S. Seeks To Settle Arms Snag Shultz Will Meet Shevardnadze

For Treaty Talks By Thomas Netter

nal Herald Tribun GENEVA — George P. Shultz, the U.S. secretary of state, and Eduard A. Shevardnadze, the Soviet foreign minister, have agreed to meet in Washington in mid-July in an effort to resolve differences over a treaty on medium-range nuclear missiles, a senior Reagan adminis-

tration official said Tuesday. The official, Edward L. Rowny, who is a special adviser on arms control to President Ronald Reagan and Mr. Shultz, said the delegations would include senior arms negotiators from the Geneva talks on medium-, long-range and space

"It is in Washington and they're working out the dates," Mr. Rowny said during a visit to Geneva to meet with U.S. and Soviet arms negotiators. He said a date for the meeting had yet to be determined.

He said the meeting would provide an important forum for Washington and Moscow to discuss a treaty eliminating medium-range

"I think there will be a good size effort at Shultz-Shevardnadze to Mr. Rowny said. "If they are not, or only practically resolved, then you can't expect these people here to work on that complicated treaty and get it done by autumn. Although both sides have said

they are anxious to conclude such a treaty, they remain at odds over verification, the timing of missile removal, how many shorter- and medium-range missiles they can keep, and 72 West German Pershing-IA missiles whose nuclear warheads are under U.S. control. The treaty now under discussion

would eliminate U.S. cruise and Pershing-2 missiles and Soviet SS-20 missiles in Europe, while allowing each side to keep 100 mediumrange missile warbeads on their pective territory. Last week, the United States proposed additional language for eliminating about 140 Soviet shorter-range missiles. The United States has no such missiles.

Mr. Rowny suggested, however, that the lack of a concrete Soviet response to the U.S. proposals so far should not be seen as a rejection, but rather an absence of guidance from Moscow.

"I think they have to get some moving," Mr. Rowny said. "They have to be told, for example, if Moscow wants to go to zero on medium-range missiles in Europe.

"But the Soviets' attitude seems to be that these things could be worked out," be added. "They haven't said they would give in, but they acknowledge for example that verification would be much easier if those missiles are removed, and that is a step forward."

Mr. Rowny also appeared to play down Soviet resistance to the U.S. proposal for eliminating shorter-range missiles. U.S. offi-cials said that although the public Soviet position remains eliminating such missiles from Europe, while keeping at least 40 launchers in hammed Mahdi Chamseddin, the Asia subject to further negotiations, the Kremlin acknowledges that Mikhail S. Gorbachev, the Soviet leader, proposed their elimina-Shultz in Moscow in April.

"We've stated often about this

question of a ministerial meeting that it's a possibility but nothing has been scheduled," said Phyllis Oakley, a State Department spokeswoman.

"I'm saying that a meeting has not yet been scheduled," she said. The possibility certainly exists. Obviously we're considering it."

The American connection is evident through-

But they remain American patriots, even if in

America O.K.," said Mark Lulgiuraj, 49, who is See MONTENEGRO, Page 6

French Court Refuses To Judge Duvalier on **Embezzlement Charges**

By Jonathan C. Randal

PARIS - A French court refused Tuesday to consider Haiti's request to force the deposed Haitian president, Jean-Claude Duvalier, to return \$120 million that the new government said he looted during 15 years in power.

The civil court in Grasse, near the Riviera, said it was unqualified to judge the case on technical

Although the Haitian government was given 10 days to appeal, the judgment appeared to open the way for the French authorities to unfreeze most of Mr. Duvalier's assets in France, which include a chateau outside Paris.

Before the trial opened in May, the Haitian justice minister, François Saint-Fleur, said he hoped a French court order for the return of the \$120 million could be used as a tool for lawsuits in other countries where much of Mr. Duvalier's money is believed hidden.

Switzerland often has been cited and, on Haiti's request, the Swiss government has frozen Mr. Duva-lier's bank accounts there.

Since shortly after Feb. 7, 1986, when Mr. Duvalier and his family were forced to flee aboard a U.S. military plane to Grenoble, the 35year-old former president and his entourage have been restricted to a short stretch of the Riviera.

The Duvaliers live in the village of Mougins in a walled estate rented from the family of Adnan M. Khashoggi, the Saudi financier.

French authorities have refused to grant Mr. Duvalier's request for political asylum, but he and his entourage remain in France because no country has been willing to accept them.

A French expulsion order still hangs over the Duvaliers, but their lawyers are trying to get it over-

The Grasse court said that according to French law, only an administrative tribunal could judge such a case pitting a foreign state against its "agents" or their benefi-

That was the formal term that the Haitian government used to describe Mr. Duvalier and his finance minister, Frantz Merceron, whom it said had misappropriated state

Yann Colin, a French lawyer acting for the Haitian government, said. "I won't hide from you our disappointment at this decision."
He added, "We had hoped a French court would deliver a judg-ment that could be executed without too much argument in the U.S.

Mr. Colin said Haiti might appeal the decision before a regional Court of Appeal in Aix-en-Pro-

Jews Gathering in Rome For Waldheim Protests

United Press International ing his official visit to the Vatican.

The group is led by Rabbi Avi Weiss of Riverdale, New Jersey. He said the group planned to join other Jewish protesters from Europe

Mr. Waldheim is to arrive late Wednesday for his two-day visit to the Holy See, his first official visit abroad since he was elected last

Jewish groups have accused Mr. Waldheim, a former UN secretarygeneral, of committing war crimes against Jews during World War II.

The Vatican confirmed Tuesday that Mr. Waldheim would have an official audience with Pope John Paul II at the Vatican on Thursday morning and that he would be welcomed with the full honors of a visiting head of state.

Poland Regrets Shelling of Ship

BONN — Poland has apologized

which a Polish Navy ship hit a West German ship with eight anti-aircraft rounds in international waters in the Baltic Sea, the West German Foreign Ministry said Monday. The Polish ambassador, Tadeusz

ernment's apology to West Germany on Saturday for the incident, which occurred June 15 off the Soviet coast during a Warsaw Pact

white minority, it was announced

The government of Prime Minis-

ter Robert Mugabe also pledged to keep troops in Mozambique —

now about 12,000 - until peace

has been restored. Mozambique

has been tighting a rightist guerrilla

insurgency for almost 11 years, and

Zimbabwe depends on rail links to

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"We plan to demonstrate wher-ROME - Four U.S. Jewish ac- ever Waldheim goes, including in tivists arrived here Tuesday from St. Peter's square if we get permis-New York, saying they would dem-sion from police," Rabbi Weiss onstrate wherever President Kurt said. "We will continue to insist Waldheim of Austria appears dur- that the visit should not take place. We will not beg this, because we are

Meanwhile, Frank Lattanzi, first secretary of the U.S. diplomatic mission to the Vatican, confirmed that the U.S. representative to the Vatican, Frank Shakespeare, would not attend a reception for the Vatican's diplomatic corps in

Mr. Lattanzi said that he would attend the reception instead.

the country Wednesday and Thursday," Mr. Lattanzi said. "I am the only other member of the embassy diplomatic staff at present in Rome and I will represent the embassy at the Vatican reception."

Mr. Lattanzi said he could not say where Mr. Shakespeare was going and he declined to comment

But other Vatican sources said to West Germany for an incident in the U.S. action appeared to be a avoid offending the Vatican. The United States has placed Mr. Waldheim on its "watch list" of persons barred from entering the country because of alleged criminal Nestorowicz, transmitted his gov- activities during World War II.

Although Mr. Waldheim is scheduled to remain in Rome until late Friday, the Italian Foreign Ministry has announced that he will not meet any Italian officials. The ambassador said the shelling The Foreign Ministry said it was an was an accident and he extended Italian practice not to receive for-Poland's regrets to the three sailors eign heads of state on official visits aboard the Neckar who were in- while Italy has a caretaker govern-

Harare to End White Elective Seats

HARARE — Zimbabwe will introduce an executive presidency
and a single-chamber parliament
ing 100,000 in a population of eight
million, were guaranteed separate
million, were guaranteed separate
seats in parliament for seven years

African National Union-Patt

President Canaan Banana, open-

ing a session of parliament, said-

that Zimbabwe will act in accor-

dance with a long-standing pledge

to remove the provisions for sepa-

rate white seats. Whites hold 20 of

the 100 seats in the lower chamber

by other amendments whose objec-

tive is the creation of a unicameral

legislature and the introduction of

an executive presidency," Mr. Ba-

"This measure will be followed

and 10 in the 40-seat Senate.

nana told the legislators.

goal since he came to power.

this year and abolish separate par- in the agreement that installed

liamentary representation for the black-majority rule in 1979.

very proud. We will insist."

The U.S. protesters are members of a Jewish activist group called "Coalition for Concern." Some of the protesters said they planned to wear uniforms like those worn by Jewish inmates of Nazi death

honor of Mr. Waldheim.

"The ambassador will be out of

further.



Tibet, Still China's Untamed Dragon Hatred Lingers After Frenzy of Death and Destruction

By Edward A. Gargan New York Times Service

LHASA, Tibet - Four greenuniformed Chinese policemen prisoned, and thousands were exeswaggered into a small restaurant on Xinfu Road, drank tea and left without paying. The restaurant owner, a Tibetan,

"There is nothing we can do," he said. "The police never pay. Who

would we complain to?" Hatred of the Chinese still courses through this arid land. In towns and villages, monasteries and marketplaces, Tibetans harbor a loathing of the government and

the Chinese who are settling here. "People are afraid of the Chinese," said a 22-year-old man who runs a small shop in the old Tibetan quarter of Lhasa. "Remember what they did to us."

It is the memory of two decades

Tihetans interviewed over a two-Chinese destroyed monasteries. temples, even whole villages. Tens week period without any supervision by government officials often of thousands of Tibetans were imvoiced emotional denunciations of

Since 1979, the Chinese authorities have sought to repair some of the damage. Several major monasteries are being rebuilt. Beijing has injected funds into Tibet for roads and hydroelectric projects.

But with the governmental largess have also come more Chinese, whose presence the Tibetans find oppressive. The Chinese are sent here to run the government, work on construction projects and serve in the many army units.

A former member of the Tibetan nobility whose family was jailed and scattered during the post-re-bellion decades said the Chinese now form the majority in Lhasa, a city of fewer than 200,000 people.
"I think the Chinese are 60 per-

of killing and destruction inflicted cent now," he said. "You can tell by the Chinese that gives passion to the Chinese apart. They don't look Tibetan attitudes. In the 20 years like us. They don't speak our lanafter a futile uprising in 1959, the guage. They don't even try."

Witness Attacks Demjanjuk's Alibi

JERUSALEM - Israeli prosecutors tried on Tuesday to destroy the alibi of John Demjanjuk, the retired Ohio auto worker charged with war crimes as a Nazi guard during World War II.

A specialist in military history. Demianiuk's contention that he

Mr. Mugabe, whose Zimbabwe

African National Union-Patriotic

Front controls 67 seats in the lower

house, has repeatedly said that the

minister of Rhodesia who unilater-

ally declared independence from

Britain in 1965 and vowed to block

black majority rule, was not in the

Ian Smith, the former prime

white seats will be eliminated.

Whites Zimbabweans, number- the whites could be re-elected to

was imprisoned by the Nazis for 18 months in Chelm, Poland, after being captured while fighting for the Soviet Army.

Mr. Krakowski said Chelm was a transit camp where prisoners spent no more than a few weeks.

Mr. Demjanjuk, 67, who was Shmuel Krakowski, disputed Mr. born in the Ukraine, claims he is a victim of mistaken identity.

6 Crewmen

chamber. He was suspended last April after 39 years in parliament. In his address, Mr. Banana said Zimbabwean troops would continue operations along routes to the sea in Mozambique. "It is noteworthy that our opera-

tions inside Mozambique are in-Political analysts believe that the tended not only to keep these constitutional changes will be a routes safe for our goods, but also prelude to the introduction of one-party government. Mr. Mugabe's from Mozambique," he said.

Renamo, another name for the White members of parliament rightist Mozambican National Relistened impassively as Mr. Banana sistance guerrilla organization, has confirmed the long-standing rumor begun to raid Zimbabwean border that their special seats would be villages in retaliation for Harare's eliminated. Observers in Zimba-military support of the Mozambibwe, however, believe that some of can government.

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Pacific Western University

Are Missing in Seine Collision

ROUEN, France - Six persons were missing and presumed dead Tuesday when two tankers collided on the Seine between Rouen and La Havre in northern France, offi-

cials said. A local government official, Christian Siembal, said the Vitoria, a 9,116-ton Greek tanker, was cut in half and exploded after a collision with the Fuyoh Maru, an 8.704-ton Japanese vessel loaded with kerosene.

Mr. Siembal said the six presumed dead were believed to include a French navigator employed by local port authorities and five crew members of the Greek tanker.

A farmer who witnessed the accident said he heard a powerful explosion and debris showered fields along the banks of the Seine. Windows were broken up to two and a half miles (four kilometers) away.

Mr. Siembal said there was no risk of river pollution. Another official said: "We're lucky the Vitoria wasn't carrying anything other than its own fuel.

Otherwise we would have had a real catastrophe on our hands." The Japanese vessel was only slightly damaged and was able to continue its voyage to Rouen.

The Vitoria had sailed about 37 miles down the Seine from Rouen, where it had unloaded its cargo, and was on its way to the seaport of Le Havre when the collision occurred at 10 A.M.

the Chinese and their policies. Lhasa has only a small core of traditional Tibetan whitewashed buildings clustered below the soaring Potala Palace, the former resi-

dence of the Dalai Lama. Around this core, centered on the Jokhang Temple, ring upon ring of stolid cement-block apartment buildings for the Chinese spread out along the Kyi Chu River and toward the nearby mountains.

Though Tibet has been designated an autonomous region, it remains tightly controlled by Beijing. which appoints the region's senior government and party officials.

Tibet, with about 2 million people, remains one of the poorest areas of China, with a per capita income of about \$80, less than half the national average. According to official statistics, 52.8 percent of the people cannot read, although 80 percent.

There has been improvement in some urban amenities in the last several years, including the installation of a citywide drinking water system in Lhasa.

Officials say that over the last seven years \$16.2 million has been allocated to help the poor, although it is not clear where or how the money was spent.

Chinese officials extol Beijing's accomplishments in improving the Taiwan Adopts life of Tibetans. In a speech this year, Deputy Prime Minister Wan Li praised the government's policies of reducing taxes for Tibetans, granting farmers and herders more say in how they work and choosing Tibetans for some official posts. But power still rests with the Chinese. Wu Jinghua, who as Ti-

bet's Communist Party secretary is the assembly held a sit-in on the the most powerful man in the re- floor to protest the passage of the gion, is Chinese and does not speak ibetan. tial rule in another guise. The law Many Chinese officials regard will force future political parties to Tibet as a place of exile. In turn. most Tibetans appear to consider

China almost an occupying power. In Tibet, people beg for pictures of the Dalai Lama, the spiritual leader of Tibet who lives in exile in India. Never mentioned is the Panthe island after their defeat by Chichen Lama, the second-highest leader in Tibetan Buddhism, who lives in Beijing and supports the government's policies.

Some Tibetans try to ignore the Chinese. In the Chago Valley south of Lhasa, a 68-year-old nomad woman named Choden sat inside her tent, woven from chocolatebrown yak wool. Her husband and two sons, she said, were in the mountains wetching their 70 yaks. Mrs. Choden said that despite

the Chinese authorities, her family of nomadic herders maintained the ways of their parents. "In the spring, we leave the vil-

lage with the yaks and go into the washings mountains," she said. "We read the ing to the scriptures and watch the sky. We istration. ask the monks what is a good day. and then we come here. My hus-band learned this from his father. Francisco because of traffic restriction. Pittsburgh to From older times we learned how to read the sky."

The young shop owner in Lhasa said: "The Chinese have eased up The voung shop owner in Lhasa said: "The Chinese have eased up for a while," he said, "but in two or three years, who knows, they will crack down again.

The Chinese want to give the impression that things are very free so that Tibetans in exile will come share If all Tibetans were here and share If all If all Tibetans were here and share If all Tibetans were here and share If all If

so that Tibetans in exile will come back. If all Tibetans were here and not in exile, they would keep us all as slaves."

had ocen decayed from landing, for a binefing on the Iran-contral ary to early April, 36 percent to 45 percent of flights arrived late.

FAA Urged To Improve Flight Data Recorders

By Richard Witkin

New York Times Service NEW YORK - The National Transportation Safety Board has opened a campaign to bolster standards for equipping airliners and other planes with crash recorders, which often play a critical role in determining the causes of acci-

The agency on Monday called on the Federal Aviation Administration to go beyond the new rules announced in March and, in particular, to upgrade requirements for the fast-expanding commuter airline industry.

The rules cover the two types of crash-resistant recorders used by investigators to reconstruct events leading to accidents. One, a flight data recorder, provides continuous data on a plane's speed, altitude and other measurements of its performance. The other, a cockpit voice recorder, puts on tape all con-versations and other sounds heard in the cockrit. The recommendations expanded

and refined proposals the safety board has been pushing for many years. Among the proposals are that the most advanced existing planes be re-equipped with flight recorders that can provide at least 32 types of data; that such recorders be mandatory on planes carrying as few as 21 passengers, rather than 31; and that the design of voice-recorder systems be improved so that the words of pilots will be preserved without interference from cockpit sounds. The board said the commuter

industry was advancing at a tech-nological and operational pace comparable to the advance made 17 years ago when the airlines began using jumbo jets. But it added that it was not until March that new crash-recorder standards governing jumbo jets were extended to conventional-width designs licensed before 1969. That was true, the board said, even if the actual planes were in current, continuing production.

"It is not possible," said the let-ter to the U.S. aviation agency, "to estimate how many lives or millions of dollars could have been saved had the changes adopted on March 25, 1987, been implemented 17 years earlier. The FAA is in a position to make a similar decision concerning cockpit voice and flight-data recorder requirements for commuter airlines."

The aviation agency acknowledged when the new rules were announced in March that stronger regulations might be required. Early drafts of more stringent

rules have already been drawn up, but it is expected to be many months before they can be translated into final regulations. Jim Burnett, chairman of the safety board, said a major aim of

the refined recommendations was to "zero in" on precisely what improvements his agency sought and to head off charges that they would be too costly. For example, he said, it would be

useful to take advantage of new technology that allows voluminous empty. the video displays in the cockpits of the latest airliners.

The safety board said the \$14,000. amount of data that could be redata recorder.

Law on Security

TAIPEI - Taiwan's parliament approved national security laws Tuesday in a step toward ending 38 years of martial law

The small opposition group in legislation, which they said is marrenounce Communism and swear their allegiance to the island's con-

Martial law has been in force since 1949, when the Kuomintang, nese Communists on the mainland.

WORLD BRIEFS

A Monet Brings Record Price in Paris

PARIS (Reuters) — An 1878 painting of a bouquet of flowers by the French impressionist Claude Monet fetched 13.8 million francs (\$2.24 million) at an auction here Tuesday might

Back

million) at an auction here Tuesday night.

The record of 10 million francs for a work of art sold in France was passed in four minutes at the Druout auction house as Monet's Bouques.

Officials at the auction house said Japanese buyers had expressed in the painting. de Fleurs went to an unidentified buyer. strong interest in the painting.

Saudis to Search for Mines in Gulf

WASHINGTON (AP) - Saudi Arabia has agreed to search for Iraman mines in the Gulf off the Kuwaiti coast and has designated hospitals for wounded Americans in case of emergencies, a senior U.S. official said Tuesday.

The Saudis are to use U.S.-made helicopters dragging special sleds to detect explosives. A team of U.S. specialists is investigating reports that Iran planted mines to damage tankers carrying Western oil supplies, the official said.

However, a U.S. request that the Saudis permit jet fighters to land for fuel is not being discussed, said the official, who asked not to be

Thatcher Backs Peres on Peace Talks

LONDON (Reuters) — Foreign Minister Shimon Peres of Israel won support Tuesday in talks with Prime Minister Margaret Thatcher for his proposal to hold an international peace conference on the Middle East Mr. Peres met with Mrs. Thatcher for nearly two hours. A spokesman for the prime minister said afterward that she had made it clear to Mr. Peres that "the United Kingdom considered an international conference the most practical way forward to negotiations between the parties directly involved in the Middle East conflict."

Mr. Peres was scheduled to arrive in Paris on Wednesday and will also visit West Germany and Switzerland. He is seeking support for a peace conference involving the five permanent members of the UN Security Council as well as Israel and Jordan and possibly other Arab countries Prime Minister Yitzhak Shamir of Israel is opposed to an international conference, fearing it would force Israel to return land it captured in the 1967 Middle East war.

Death Toll Now 18 in Barcelona Blast

MADRID (Reuters) - The death toil in the Barcelona super car-bomb attack by Basque guerrillas rose to 18 on Tuesday.

Mercedes Moreno, 33, died early Tuesday from burns suffer Friday's attack, a hospital spokesman said. He added that three of the 33

persons injured were still in critical condition. The death toll is now equal to the number killed in the 1985 bombing at the El Descanso restaurant frequented by U.S. servicemen near the Torrejon airbase outside Madrid. A Palestinian guerrilla group was

Carbide Cites New Proof of Sabotage

NEW DELHI (NYT) - Union Carbide Corp. investigators, nearing the end of a 16-month inquiry, say they have found new witnesses, documents and scientific evidence proving that the 1984 Bhopal toxic gas

disaster resulted from sabotage by a company employee.

Company investigators also said in recent interviews that they had found logs and documents that had been tampered with, which Carbide says indicates that several employees at its Bhopal plant knew about the start of the accident earlier than they acknowledged and then tried to

cover up the knowledge.

The disaster killed about 2,000 people and injured 200,000. Indian officials and former employees of the plant vehemently dispute assertions of sabotage. India is suing the company, based in Danbury, Connecticut, for \$3.3 billion in damages, charging that the plant was badly designed and that its managers were negligent. The plant was run by the company: Indian subsidiary, Union Carbide India Ltd., 50.9 percent of which is owned by the American corporation-

Peru's Prime Minister, Cabinet Resign

LIMA (Reuters) - Prime Minister Luis Alva Castro of Peru and his cabinet have resigned, Foreign Minister Alan Wagner Tizon said Tues

The Peruvian radio had previously reported Mr. Alva Castro I resign tion, but there had been no confirmation before Mr. Wagner's states He denied that the resignation amounted to a government crisis and said ministers would continue to work normally until a new cabinet was

Mr. Alva Castro, who is also economics minister, is widely seen as having ambitions to succeed President Alan Garcia Pérez in 1990, and he has been repeatedly reported to be trying to leave the cabinet before there is a downturn in the economy.

For the Record

Bomb disposal experts in The Hague on Tuesday detonated a box left outside the Iranian Embassy. The police said the box turned out to be

gine performance to be shown on gele, the Nazi death camp doctor, are to receive compensation from West Germany, their Israeli lawyer said Tuesday. He said the twins, most of whom now live in Israel, would each receive between \$11,000 and

Argentina's Supreme Court upheld on Tuesday an immunity law affecttrieved after an accident was so ing hundreds of army officers accused of human-rights violations during vast that the only limit seemed to the 1970s. Only generals now face prosecution, and the ruling resulted in

be the recording capacity of the the immediate release of three convicted officials. A warrant has been issued in Florence for the arrest of Maurizio Gacci, 39, president of the parent company of the Gucci fashion house. He is accused of breaking Italian foreign currency regulations.

TRAVEL UPDATE

Paris Offers New Air Controller Status

PARIS (Reuters) - A French Transport Ministry spokeswoman said Tuesday that the government planned to offer air traffic controllers the status of private employees instead of civil servants.

As private employees, the spokeswoman said, the controllers would

find it easier to negotiate flexible pay settlements. French air traffic controllers have disrupted flights in and out of Paris for two months over Two commercial jettiners collided on a runway at International Amport in Los Angeles on Monday night. Both planes were damaged but no one

was injured, officials said.

(UP!)

Ecuador is to ber foreigners who do not prove that they are free of the

AIDS virus from entering the country beginning in September, Health Minister Alejandro Saenz said Tuesday. European Community transport ministers are scheduled to meet Wednesday in Luxembourg to discuss ways to reduce West European in fares.

(Reuter)

Storms Add to U.S. Airline Delays

NEW YORK --- On the first two days of summer, hundreds of air travelers in the United States reached their destinations only after delays, finding that in many

cases timetables did not apply. Air traffic was delayed Monday and Tuesday by bad weather in New York, Boston, Philadelphia, Washington and Atlanta, according to the Federal Aviation Admin-

estimated that there were 18,000 oscheduled flights on Monday, carrying about 1.2 million people — on the flight down here, there were two separate delays due to pilot indication of heavy air traffic

rying about 1.2 million people—
up from 1.1 million passengers on
the same day in 1986.

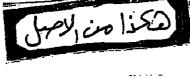
Airlines sold 63.7 percent of
their seats in May 1986. This
year, passengers filed 34 percent
more complaints with the Departmore complaints with the Departmore of Transportation in May
than in April. than in April. "It's been a real bassle in the last-

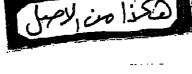
There were delays going into comple of months," said Kathy Cations on some route sectors, said Dallas-Forth Worth airport was and arrivals, ranging from 103 de-Fred Farrar, an FAA spokesman in two hours late Monday. 'Air traffic, waiting for a gate,

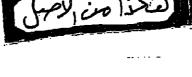
action if they did not start making their passengers happier. Surveying 22 airports in April, the FAA found an average of fewer than 31 delays per 1,000 departmes

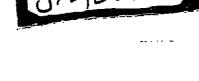
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U.S. Said To Back Bonn Trial

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Decision Is Due On TWA Suspect

BONN — Attorney General Edwin Meese 3d told West German officials Tuesday that President Ronald Reagan would accept a decision to try a suspected TWA history here increased of extraditions

jacker here instead of extraditing him to the United States, West erman television reported. Mr. Meese mer with West German officials in what U.S. spokes men described as an attempt to convince them to extradite the suspect, Mohammed Ali Hamadeli. Bonn officials are expected to an-nounce their decision on Wednes-

Through fingerprints, the Leba-nese Shine was identified as one of the suspected hijackers of a Trans World Airlines flight in 1985. Mr. Hamadeh, who is currently in prison in Frankfurt, has been charged in the United States with the murder of a passenger on the hijacked airliner, Robert D. Stethem, a U.S. Navy diver.

Mr. Hamadeh, 22, was arrested in January at Frankfurt Airport afa ter liquid explosives were discovered in his luggage. Gunmen in West Beirut kidnapped two Ger-man businessmen after the United States demanded that Mr. Hamadeh be extradited.

Mr. Meese refused to give any details of his nearly two hours of talks with Justice Minister Hans Arnold Engelhard and an earlier meeting with Interior Minister Friedrich Zimmermann.

■ Reagan Reported Satisfied Mr. Reagan said Monday that he would be satisfied to see Mr. Hamadeh stand trial for murder wherever he is tried," The New York Times reported from Wash-

Bonn has declined to agree to the extradition, reportedly for feat of terrorist retaliation either in West Germany or against two West German businessmen being held hostage in Lebanon.

Senator Alphonse M. D'Ameto, Republican of New York, said in an interview on Monday that he was outraged by the administra-tion's handling of the case and said it represented a dangerous capitulation to terrorists.

The White House handled this poorly," he said. "President Reagan did not vigorously pursue this by saying he'd be satisfied with Christian businessman.
The communications director for

Mr. D'Amato, one of the chairmen of the Senate's anti-terrorism ful, Constance Snapp, said Mr. caucus, sponsored a resolution last Robertson's problems existed beweek, backed by 65 senators, call- fore the scandals in the PTL televiing for Mr. Hamadeh's extradition sion ministry broke in March. to face trial in the United States.

about the case on Monday in Flori- sisted that the public was not conia. In response to a question, the fusing him with the Reverend Jim president said: "All I could tell you Bakker, the former PTL leader who that he is going to be tried for than other television ministers as a murder wherever he is tried." result of an extramarital affair with Asked whether that satisfied him, a secretary. PTL stands for Praise Mr. Reagan answered, "Yes."

(Continued from Page 1)

erend Benjamin Weir, the first

American hostage released in 1985,

had to be seized from his captors by

Iranian emissaries. There was no

• Iranian officials, he said, were

lete American anti-aircraft missiles

from Israel in November 1985. He

aclded that the bungled delivery,

detailed in the Tower commission

report last February, cast a shadow

of distrust over all transactions that

• Mr. Ghorbanifar contended

that now was the time for the

American government to make a

deal with Iran for better relations.

In interviews conducted last week,

he said that preparations were un-

der way for terrorist actions against

The question of how the opera-

tion unraveled last fall remains one

of many mysteries. Mr. Ghorbani-

gravely harmed when the Ameri-

cans dropped him last summer for

ons to the Iranian government at a

But he denied that he had dis-

a new intermediary who sold weap-

Americans in the Middle East.

infuriated by a shipment of obso- are honest with me, I give them

way to verify this.

followed.

AMERICAN TOPICS

Anti-Smoking Efforts Succeed in Military

The crackdown on smoking in the U.S. military appears to be working the Pentagon says, with tobacco sales at military commissaries down 18 percent during a retent six-month period. The air force says 31 percent of its personnel still smoke, but says "this reflects a 20 percent reduction" since 1985.

Dr. William Mayer, assistant defense secretary for health af-fairs, said a definitive survey of smoking by U.S. military personnel throughout the world would be made next year. He said the Defense Department hoped eventually to reduce smoking "to rates significantly below civilian levels."

The Pentagon's war on smoking was touched off in March 1986 by Defense Secretary Caspar W. Weinberger after a survey showed that 47 percent of the 2.1 million active-duty military personnel were smokers. This figure was down from 52 percent in 1982, but it was still well above the civilian rate of about 30 percent.

Rather than ban the sale of cigarettes or raise tobacco prices in military commissaries, Mr. Weinberger ordered an intensive educational campaign and sharp restrictions on where servicemen can smoke.

Short Takes

The \$5.5 billion Intermoun-tain Power Project has opened in Delta, Utah. Burning seven trainloads of Utah coal a week, it will furnish Los Angeles, 490 miles (about 800 kilometers) to the southwest, with enough electricity to light a third of its dwellings without contributing to the city's smog problem. "Since California can't pollute its own air because it's so bad," said Alan Miller of the Sierra Club, an environmental group, "it's looking for nice clean places to pollute." However, the project was welcomed in Utah for creating 623 jobs.

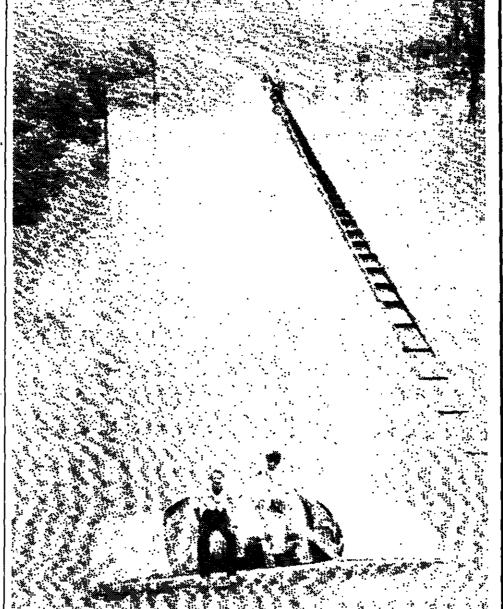
Beaches not seen in years are emerging along parts of the Great Lakes because of a drop in water levels from the record highs of last fall. The drop resulted from a long, dry spring following a winter with below-average snowfall. But Lake Michigan remains a foot and a half (45 centimeters) above its 100-year average. "People would be unwise to get a false sense of security," said Ron Fassbinder of the Wisconsin Department of Natural Resources. "It could turn around and go up as fast as it went

Black models are making a comeback in magazines and on billboards. They were widely employed during the civil rights movement of the 1960s but suffered a partial eclipse in the 1970s. "The world has finally opened up to a broader defini-tion of what's beautiful," said Lacey Ford of Ford Models Inc. in Manhattan. Dee Simmons-Edelstein of Del Marco Modeling touched on another angle: "We can no longer deny

Toy to Outwit Spies Gets Mixed Reaction

During the furor over the planting of bugs in the U.S. Embassy in Moscow, two members of Congress told of using Magic Slate pads to communicate when they visited the em-bassy. The 99-cent toy has a stylus for writing on two plastic sheets. When the top sheet is lifted, the writing disappears.

The manufacturer, Western Publishing of Racine, Wisconsin, sent 25 cases of the slates to the State Department and to the U.S. Central Intelligence Agency, with a few samples to President Ronald Reagan. The company said that the State Department and the CIA politely demurred. The New York



STORMS, FLOODING HIT U.S. - Flooding from heavy rains stranded two men and their car on a highway in Buffalo, New York, after a record 5.01 inches of rain. Storms also hit the Midwest and New Jersey, New York and Pennsylvania on Tuesday.

Times reports, but that the White House sent a message written on a Magic Slate. Signed by Anne Higgins, director of correspondence, it

said: "Thank you for your letter to the President. Yours is the best idea we have had yet." Saying the idea was being forwarded to the State Department, the

CIA and the National Security Council, the message ended, "Please lift cover when you're

-ARTHUR HIGBEE

TV Preacher-Candidate Aims to 'Repackage' Image

By Wayne E. King New York Times Service

WASHINGTON — Dismayed by polls showing that many Americans have a negative view of the Reverend Pat Robertson and that they apparently cannot distinguish him from most other television matter. He sillowed the Germans to evangelists, his chief media adviser pursue the course they are taking is seeking to "repackage" him as a

the Republican presidential hope-

face trial in the United States. Saying his fund-raising had not Mr. Reagan made his remarks suffered since then, Mrs. Snapp in-The Lord or People That Love.

Nevertheless he said: "People

betray me. I betray them. People

everything; if not, I cut their

Two former U.S. government of-

ficials offered information that

throws into question Mr. Ghorban-

ifar's denials about revealing the

shortly before the Ash Shaara arti-

cle appeared, the administration

obtained a letter from Mr. Ghor-

banifar to a leading Iranian offi-cial, Ayatollah Hussein Ali Monta-

zeri, that described the visit to

Tehran in May 1986 by Robert C.

McFarlane, the former national se-

These officials said they suspect

had a hand in exposing the opera-

tion. Mr. Ghorbanifar replied: "I

write many letters every day. All

But he denied sending any such

the letters I write are explosive."

They said that late last October,

arms dealings.

curity adviser.

far asserted that his reputation was that Ayatoliah Montazeri in turn

to blur Mr. Robertson together with Jerry Falwell, Jimmy Swaggart and most other ministers. And she said, the public had a negative view of television ministers, at least as presidential candidates, because of their duties as moral leaders and hecause of concerns about separa-

tion of church and state.

"I was concerned about the high negatives," said Mrs. Snapp, who came to Mr. Robertson's exploratory presidential campaign from Madison Avenue seven months ago. She referred specifically to an opinion poll conducted by the Roper organization for The Atlanta Journal and Constitution in March showing that 69 percent of voters in Southern states said they "would not consider" voting for

According to Mr. Ghorbanifar,

there was never any such deal, and

it was Mr. McFarlane who reneged

by bringing only a small amount of

GHORBANIFAR: Hearings to Center on Role of Iranian Expatriate

placed, to the Lebanese magazine formed when he expected that all

Ash Shaara, which published the the hostages would be freed upon first account of the dealings last his arrival in Tehran in May 1986.

dealings, shortly after he was re- that Mr. McFarlane was misin- results.

heavily on support from the South because of its religious and generally conservative heritage.

To separate him from the others. Mrs. Snapp is arranging nonreligious television appearances for the candidate. She is also urging re-porters to refer to him as "Robertson" rather than "the Reverend Robertson" and to call him a "Christian broadcaster" rather than a "television evangelist."

Mrs. Snapp is also using an advertising technique for product analysis — the product in this case being Mr. Robertson - to find out just what a cross section of the population thinks of him and the best way to sell him to the voters.

ucts, packages or advertising con-The negative opinion was partic- cepts. For a new detergent for ex-

name and the color of the package. sion's regulations requiring equal time for opposing views. In Mr. Robertson's case, Mrs.

voting population. The problem, she said, seemed to be that "they don't really know who Pat is. They confuse him with other people, with Falwell and Swaggart."

But after seeing clips of the "real Pat Robertson," Mrs. Snapp said, most respondents realized that their earlier impressions of him had tian Broadcasting Network's revebeen wrong and most of them were nue is from donations. A loss of now favorably impressed.

Since announcing in September ed for the year as a result of the Advertisers use this "focus that he was making an exploratory group" technique to determine the bid for the Republican nomination But Mr

Although he has not officially Snapp assembled groups of 10 to 12 people representing a roughly declared that he is a candidate, the demographic cross section of the actually is a candidate and is therefore subject to its rules.

Although the PTL scandals have cut into donations to Mr. Robertson's \$176-million-a-year ministry, aides said his political fund-raising has not been hampered by the controversy.

About 80 percent of the Chrisabout \$28 million has been project-

But Mrs. Snapp said contribuappeared only occasionally, partly the committee raising funds for his because of his campaign schedule campaign had shown no falloff. To

ularly disturbing to the Robertson ample, a group of housewives and partly in deference to the Fed-date, she said, more than \$7 million forces since his strategy relies might be assembled to discuss its eral Communications Commis- has been raised.

ments of TOW missiles had been did not show up as scheduled. sent to Iran, Mr. Weir was freed. American officials said telephone Mr. Ghorbanifar said the Irani- intercepts show the Iranian offians were delighted by this transac- cials were threatening Mr. Ghor-

banifar. The November 1985 delivery went badly. The first plane arrived Hawk anti-aircraft missiles. Mr. not the 80 that had been promised to the Iranians, according to American accounts.

> Mr. Ghorbanifar said the military officers were furious when they discovered that the missiles were older than what Iran already had and could not hit high-flying planes. The Israeli arms dealers as sured Mr. Ghorbanifar that undetectable improvements had been made in the weapon, but Iranian military officers were dubious Then, in a test firing, Mr. Ghorbanifar said, a missile fell harmlessly to the ground.

General Second later told Mr Ghorbanifar that the Iranian officers were correct: the Israelis had misrepresented the missiles' capa-

The next month, the White He said that he had monitored House tried to pick up the pieces

Over Anti-Aircraft Gun Mr. Beggs said Monday. "I was left hanging out to dry. I feel the grand jury system is no longer a check on

New York Times Service
WASHINGTON — The Justice Department dropped a fraud indictment of General Dynamics Corp. over the Divad anti-aircraft gun after discovering military and company documents that undercut

By Howard Kurtz

U.S. Drops Indictment

Of General Dynamics

criminal division. The government is standing up and saying. 'We were wrong.'
William F. Weld, an assistant U.S. attorney general, said Monday.

its theory of prosecution, according

to the head of the department's

Mr. Weld said that it was "unusual for the government's view of the facts to change so radically that the government will about the prosecution." But he said that it would have been "dishonorable" to do otherwise. "Nobody is happy about this," he said.

The dismissal of the charges was requested by the government late Friday and approved by a U.S. judge in Los Angeles on Monday. General Dynamics, James M. Beggs, and three other present or former executives of the company were indicted on the fraud charges in December 1985.

At the time, Mr. Beggs, a former General Dynamics vice president, was the head of the National Aeronautics and Space Administration. The charges led him to resign from

"I really feel aggrieved on this,"

Mr. Beggs said that his vindica-tion "took much too long," adding that, "It was expensive to live for 19 months without a job."

The indictment involved a \$39 million army contract to develop a prototype anti-aircraft gun from 1978 to 1981. General Dynamics lost the competition to build the weapon, which is also known as the Sergeant York, and the Defense Department canceled the weapon in 1985 after repeated test failures.

The indictment charged that General Dynamics tried to hide \$7.5 million in cost overruns by illegally shifting excess costs to oth-er government-funded accounts.

On May 19, the Justice Department dropped a three-year fraud investigation of General Dynamics submarine contracts. The latest action by the department prompted renewed criticism in Congress.

"The dropping of the second General Dynamics case shows there's something drastically wrong with the way the Justice Department handles defense fraud cases." said Senator William Proxmire. Democrat of Wisconsin.

Senator Charles E. Grassley, Republican of Jowa, said the "incompetence" of the Justice Department "must be called into question."

Marine Who Fled to Australia In 1970 Is Given a Discharge

WASHINGTON -A U.S. Maone who deserted in Vietnam in 1970 and returned to the United States from Australia this month is

being discharged from the Marines after admitting he was guilty of desertion, Marine Corps officials Private First Class Douglas

Beane, 40, will be allowed to leave the corps "under other-than-honorable conditions," but without further punishment, officials at the Marine base in Quantico, Virginia, said Monday.

Mr. Beane had lived in Australia

for 17 years. He voluntarily returned to the United States on June 9 to see his

agency can rule at any time that he father, who is ill, in Rutland, Ver-The officials said that the

charges of desertion during wartime, which could have resulted in a death penalty on conviction at a military trial, were dropped on the recommendation of military legal officials and Mr. Beane's commanding officer.

A Marine statement said that he also had admitted guilt in "offenses

which occurred in Vietnam in 1969 for which he was facing trial when he descried." At the time, he was facing a

court-martial on seven charges relating to participation in a blackmarket operation and allegedly threatening to kill a fellow marine.

Israel to Extradite Jew to France

Linited Press Intern JERUSALEM - The Israeli Justice Ministry has ruled that a Jew be returned to France to face legal action on his conviction there in the gangland-style murder of an Arab

An order signed Monday by the justice minister said William Nakash, 25, should be extradited without delay, a ministry spokesman

The subject of the extradition, convicted of the 1983 slaying of Algerian-born Abdel Ali Hakkar. 20, in France, said that he fears death at the hands of Arabs in prison if he is sent back to France.

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North Is Said to Conceal Secord Favor on the private session with Colonel

letter to Ayatollah Montazeri.

United Press International

WASHINGTON -- Lieutenant Colonel Oliver L North tried to conceal that an elaborate security system at his home was financed by Major General Richard V. Secord, whose private operation handled proceeds from the Iran arms sales, former CIA official testified

Glenn Robinette, a former CIA employee, described his installation of an electronic gate and other devices. He said that Colonel North asked him to send him a hackdated bill for part of the \$16,000 cost only after the Irancontra affair was revealed.

in another development, the congressional committees investigating the affair appeared to be at an impasse over working out a deal for Colonel North to testify in pubiii, with some members angered

over proposals that the panels make concessions to Colonel

Colonel North had refused to testify privately before giving public testimony.

The committees met separately at mid-day. The House panel reported that it had not reached neement

Representative James A. Courter, Republican of New Jersey, said that some members were insisting North.

Documents released by the committees showed that payments had been funneled to Mr. Robinette by a Swiss investment banker who managed the assets of General Secord's private network aiding Nicaragnan rebels. Mr. Robinette said it was his

own decision in December to comply with Colonel North's request, backdating the bill and listing only half the cost of the system.

SES COLLECTIONS 34, Fg SAINT-HONORÉ

spare parts for Hawk missiles, incontact with Adnan M. Khashoggi, a Saudi Arabian arms dealer with ties to Israeli arms dealers and American officials.

stead of 50 percent of the shipment, as he had promised. Richard V. Second, the retired air force major general who helped arrange the shipment, has also said there was no Iranian promise to free the hostages before the talks. researching the Iran issue, as well Mr. Ghorbanifar said that he has as Israeli arms dealers and Israeli was eventually approved by the

Mr. Ghorbanifar also asserted was worth retaining because he got

long disliked the Central Intelligence Agency.

Some senior CIA officials distrusted him, too. After Mr. Ghorbanifar failed a CIA lie detector exam in December 1985, Clair George, the agency's deputy direc-tor for operations, said he should not be used in covert operations.

The White House, however, rehied on him for most of the next year. And William J. Casey, the director of central intelligence, wrote later that Mr. Ghorbanifar

cials that Mr. Ghorbanifar was truly dealing with senior American freeing the American hostages.

governments involved.

Iran promised to stop aiding Shi-

tion and eager for another deal. Many of Mr. Ghorbanifar's Tehran next said it would work comments about the arms transac-

to free the remaining hostages. It tions have been verified by particiwould receive a shipment of 400 late, and it carried only 18 missiles, pants and are consistent with what has been publicly revealed so far. Ghorbanifar said the Iranian mili-Mr. Ghorbanifar gave this actary needed to shoot down highcount of the dealings: For him, the flying Soviet reconnaissance planes story began when he first made that were taking photographs for Iraqi bombing raids on Iran. The hearings this week are ex-

pected to focus closely on the No-After meetings in Israel that in-cluded Michael A. Ledeen, a Na-an Israeli flight through Portugal tional Security Council consultant and then to Iran, Included will be testimony about the possible illeas Israeli arms dealers and Israeli gality of using a CIA proprietary officials, a deal was reached that airline for the shipment without a formal presidential finding authorizing the agency's involvement.

Mr. Ghorbanifar said that the ite terrorists in actions against Iranians were so pleased by the Americans, he said, and the United earlier TOW shipments that they States said Israel could send TOW changed their usual policy in November and transferred \$24 million anti-tank missiles to Iran to establish for Iranian government offi- to a Swiss bank account before the weapons were delivered.

officials. Iran said it would work on the transaction from a hotel room and, against Mr. McFarlane's recin Geneva, and that he became ex- ommendation, Mr. Ghorbanifar On Sept. 14, 1985, after two ship- tremely nervous when the weapons was retained.

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Washington's Task in Seoul

Now more than ever, the United States needs to sound the call for peaceful transition to democracy in South Korea. That country has reached a pivotal moment. Its future is being settled in the streets by protesters and police, with the army ever-present in the background. Its leaders operate in a culture where compromise and restraint are

not considered political virtues. Once great internal forces are set in motion, perhaps no outsider can make a difference. But if any nation can, it is the United States, Korea's military protector and trad-ing partner. And President Reagan, longtime friend of Korea's ruling military regime, may be especially well positioned for such a role. For the most part, his administration is now saying the right things. But given its past vacillation and hesitancy, it

needs to sound a far more certain trumpet. From Gaston Sigur, the State Department's top official for Asia, now in Korea, to Mr. Reagan himself, the administration has to convey three messages almost daily:

To South Korea's military commanders: Forswear any idea of a military coup. The State Department sent that message Monday: The Korean military must understand how a coup could poison American attitudes toward their country.

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To President Chun Doo Hwan: Reopen the dialogue with the opposition. Though the discussion was intended to show his bona fides for constitutional reform, he unilaterally stopped it in April. Reports indicate a start toward resuming the dialogue, but Washington must maintain the pressure. To opposition leaders: Understand that

democracy does not mean anarchy. It requires compromise even from those who have been treated unjustly. Mr. Sigur

should meet personally with opposition leaders to deliver that message, even as such a meeting would signal American impar-

tiality and interest in democracy. There is much to overcome, past and present. In April, the atmosphere was darkened by the torture-death of a student dissident and a subsequent police cover-up. Mr. Chun then halted debate over ground rules for general elections due later this year. Washington knew of that decision in advance, and failed to try seriously to head it off.

This month. Mr. Chun compounded his error by anointing his hand-picked successor for a term to run through 1995. That arrogance brought even the normally quiet middle class into the streets.

For now, Mr. Chun has avoided the mistake of declaring martial law. Instead, he declared his willingness to meet a key opposition leader. Kim Young Sam. The force of the protests, and fear of driving away the 1988 Olympics, apparently jolted him into giving negotiations one more chance. But for these talks to be fruitful, the government will have to show more will to compromise.

Democracy is unlikely to be achieved all at once. But it is essential to chart a clear path. To continue to insist on deferring constitutional debate for 15 more months and free and fair elections for seven more years is wildly unrealistic. Perhaps the answer is a brief interim presidential term during which more acceptable electoral ar-

rangements can be agreed on.

The task for Washington is to bring to bear whatever influence it can, with maximum visibility. Let the Korean people have no doubt about the kind of democracy America has sent 40,000 troops to defend.

— THE NEW YORK TIMES.

Europe's Status Stays Quo

this year for stability and the status quo. In the British and Italian elections this month, as in the West German elections last January, the results were strikingly similar to those four years earlier. In all three countries the conservatives remain dominant. None of the conservative parties managed to win an absolute majority, but, because of the voting system in Britain and a coalition partnership in Germany, they will continue to run the governments there. The Italian conservatives seem to have lost the initiative to the Socialists, intermittently their allies, but they will at least continue to hold the largest bloc of seats in Parliament. As for France, it put its conservatives back in power in last year's parliamentary election.

All that seems to reflect a mood of remarkable contentment - remarkable particularly when you consider the economy. The growth rate has been slowing and unemployment, which has been hanging around 11 percent in Western Europe for the past four years, is not dropping. If anything a slow increase lies ahead, according to the Organization for Economic Cooperation and Development. By conventional reckoning, that ought to push politics toward impatience and change.

popular in all times and all places. But recent European experience is a warning to think carefully about that easy assumption. Fast growth over the past generation has changed continental European society profoundly, in ways that were not always comfortable. The richest European countries do not seem at all distressed to have drifted into a time of low growth rates. They are using their wealth to support people who aren't working, and unemployment there is now more likely to mean boredom than desperation. Attitudes are different in the poorer Eu-

ropean countries. So are growth rates. The OECD says Britain's economy will probably grow by more than 3 percent this year, the fastest of any of the major European countries. But in West Germany, France, the Benelux countries and Sweden, growth seems to be running about half that rate. That's a poor performance by past standards, but it doesn't seem to have damaged any of the politicians' reputations. Chancellor Kohl has made a positive virtue of resisting all advice to speed up the West German economy. He wants to keep things pretty much on their present track. Most of Europe seems to agree with him.

- THE WASHINGTON POST.

Intervening in Panama

The crisis in Panama is moving into a ness elite, whence his chief opposition new unstable phase in which popular unrest comes. He also has played on the nationalwinds down at least temporarily but the istic theme that he is defanging an Amerioutrage of military control goes on. General can plot to keep the Panama Canal. the 20,000-man defense force, has had the streak of anti-American resentment show legislature indefinitely renew his first 10day suspension of constitutional guarantees. One of the rights suspended is the right to private property: Citizens have been warned that, for banging on a pot, a person can have his house confiscated. Panama's internationally oriented economy, based on transit commercial and financial services. cannot run in that Mickey Mouse atmosphere. The general's refusal to let normality return is an economic absurdity and

betrays a telling fear of the public temper. At first, people were reacting to a disgruntled colonel's report on the corruption and chicanery marking General Noriega's strongman rule. Now the public seems a bit startled and even delighted by its own show of courage in the streets. By his harsh response to their peaceful protests, the general has confirmed a reputation for thuggishness. His recourse has been rude force and an attempt to mobilize the common people against the middle class and busi-

through. Head of intelligence before he took over the armed forces, he got where he is in part by cooperating with the U.S. military and intelligence, whose regional activities are centered in Panama. In a country where the impression of American favor is negotiable political currency, he now finds it convenient to take up a certain distance and to present U.S. remonstrances as evidence of Yankee intrusiveness. He denounces stens that Washington has

taken to get on the democratic side, such as baving the American ambassador call on the hounded opposition, as intervention. But the whole huge multidimensional American presence in Panama over the decades has constituted an intervention - with benevolent as well as harmful effects - on the side of the Panamanian powers that be. Washington must find the essential and unmistakable ways to show it is stopping the long careless U.S. intervening of that routine sort.

- THE WASHINGTON POST.

The Inimitable Astaire

First, there were his looks. In truth, they didn't amount to much: medium height. skinny build, a longish nose, thinning hair. But in top hat, white tie and tails he was champagne to everybody else's beer.

Then there was his voice. It didn't amount to much, either. It was dry, astringent really, and its range was narrow. But once he sang a song he owned it. And what songs they were:

"Night and Day," "Begin the Beguine" Finally, there was his dancing. That amounted to great art. What images he leaves behind. He and Ginger Rogers face each other, turn, then slide effortlessly into a quick scatter of steps. Backed by an army of dress-alikes, he puts on his white tie.

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polishes his nails and takes millions of people out of a Depression and into an atmosphere that reeks with sophistication. He danced with some marvelous people,

but his only real peers were the composers with whom he worked. Tapping to "Half of It Dearie Blues," he called out "How's that, George?" to his accompanist. George Gershwin. "That's fine, Freddie!" Gershwin called back. They sounded joyous.

Once a little girl was allowed to stay up late to watch one of his movies on television, and cried when it ended. "It's so sad," she explained, "when Fred Astaire leaves the room." It is indeed.

- THE NEW YORK TIMES.

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though it would rescue them from hav-The Boland Amendment: Let the People Judge

By Rex E. Lee

PROVO, Utah — President Rea-gan did not violate the Boland stitutionally assigned powers, and beiment when he asked the leaders of foreign governments to contribute cause of inherent differences in the funds to help the Nicaraguan contras.

The amendment prohibited "direct branches, they go about their foreign policy tasks in quite different ways. Congress's legislative power is spread or indirect" support for the contras from any funds available to "the CIA, among 535 individuals. Their contrithe Department of Defense, any intelbution is thus limited to matters of

ligence agency, or any other agency of

That did not apply to the president

Trade Commission and the

because, quite simply, he is not an "agency of the United States." The

Internal Revenue Service are agencies

of the United States. The president is

not an agency of anything. He is the

president of the United States, the

person in whom the constitution vests

If Congress had intended the Bo-

land amendment's prohibitions to

apply to the president, it could have

said so. In the absence of a clear

expression, Congress should not be

assumed to have limited the presi-

dent's ability to exercise his best

judgment as to what is in the best interest of the United States. Wheth-

er the same considerations would ap-

ply to the president's subordinates

would depend on whether they acted

In some areas it may be all right for

Congress to express its will in ambig-

uous terms and then leave it to the

courts and others to decide what it

really meant. But congressional fuzzi-

ness followed by expansive judicial

interpretation is not acceptable in

cases in which Congress attempts to

regulate the head of another coordi-

Under the separation of powers sys-

tem, the dividing line between the re-sponsibilities of Congress and the

president is not always clear, especial-

ly so in the area of foreign relations. It

is quite clear that the constitution con-

templates a foreign affairs role for

The president is also head of state.

He deals on America's behalf with

his world counterparts, and is com-

mander in chief of the army and

navy. Congress's foreign affairs re-

appropriate money (including that

needed for foreign relations and to

maintain a military force), the pow-

er to regulate international com-

merce and the power to declare war.

exercise by these two branches of

their foreign relations prerogatives

will be mutually compatible and will combine to serve U.S. interests. It is

important, however, that neither

branch unduly intrude on the

MANILA — The frustration of the Communist Party of the

Philippines was displayed earlier this

month in an advertisement its political

bureau placed in a Manila newspaper.

The advertisement complained of an

executive order by President Corazon

The Politburo asserted that Com-

nunists were being deprived of their

legal rights to pursue "the path of open mass struggle." It added that "we have no armed group and there is

nothing in our party program and in

our documents that calls for the vio-

Ironically, that advertisement ap-

peared as a campaign of urban ter-

ror was being mounted in Manila. Assassination squads, or "Sparrow"

units, of the New People's Army, the

military wing of the Communist

Aquino outlawing the party.

lent overthrow of the state."

Because of the differences in con-

responsibilities of the other.

Under ideal circumstances, the

both Congress and the president.

nate branch of government.

at his direction or on their own.

the United States."

all executive authority.

broad policy determination. Congress is institutionally ill-suited for such foreign policy tasks as keeping secrets, authoritatively resolving a dispute and achieving a shared multinational objective. The United States, or any other nation, must have some person authorized to act on its behalf, decisively and authoritatively, when necessary.

Congressional hegemony, therefore, lies in the area of long-range policy determination. The president's inherent advantage, by contrast, is in his ability to move more quickly and decisively. The importance of the ment can completely take away the president's greater agility is demon-

strated by the fact that the last war that the United States entered as a result of a deliberate decision by terpreted so as to avoid clashes be-Congress, rather than because of action-forcing events that left little choice, was the War of 1812.

Continuing dialogues with other foreign leaders, and requests that those leaders act in America's interest, lie at the core of presidential responsibility. To be sure, he may differ from Congress about what is in the nation's best interest. Difficult constitutional problems

arise in the rare instances when Congress's and the president's views differ, or when Congress acts unambigu-ously to prohibit the president from pursuing his objectives rather than those of Congress. But such instances are so rare that the circumstances under which one branch of governother need not, and should not, be decided as a blanket matter.

Because the constitution says it must.

presidential specials. Try to imagine

the State of the Union address with-

out all those bodies, applanding or

not applauding, providing cutaway

shots for the television cameras

focused on the president. In that sense, they are indispensable.

for constituents. They send them baby

books, copies of speeches, appeals for money. If of the right party, they can arrange private tours of the White

House, and all can dispense tickets to

the galleries, where the citizens can

watch legislators not legislate. Senate

Republicans now are dug in against a

bill to provide limited public funding

for congressional campaigns. Al-

Also, they perform small services

What does Congress do?

Short of such an express confronof the two elected branches of government. As long as any other inter-pretation is possible, neither Conis: in the people to whom both the president and Congress must periodi-cally account for their stewardship.

and now teaches law at Brigham Young University. He contributed this comment to the Los Angeles Times.

The writer was the solicitor-genu of the United States from 1981 to 1985,

P ARIS — There are a good many great men who have saved their countries from one threat or another, but I know of none, save one, who

also saved it from himself. That was Charles de Gaulle, and the threat from which he saved France was that of the "shipwreck," his phrase, of his own old age. The story, to the best of my knowledge, has never been published. My source is the American diplomat directly concerned, who prefers not to be named.

De Gaulle has never been a popular figure among Americans, although I think most with a serious acquaintance of the events of the 1940s, and again of France and Algeria in the 1960s, recognize the man's greatness, exercised on behalf of the nation for which he combined a passionate love and an ironic detachment of judgment. He had, as is well known, "a certain idea of France" to which the French themselves, in his eyes, too often failed to measure up.

conducted at the expense of the United States, a long and painful affair in which the first blows had been struck by the government of Franklin Roosevelt Roosevelt found incomprehensible this arrogant brigadier general who, with a handful of troops to command, insisted that he embodied

the legitimacy of France at war, The "monolithic simplicity" of de Gaulle - to use the phrase of Don Cook, his American biographer — to the end eluded and affronted President Roosevelt. The United States

Philippines: Communists in a Quandary

By Michael Leifer

Party, have killed more than a dozen

police officers. These killings, which

continue, are justified by the party on the ground that "the victims

were abusive and did not render

faced with a quandary. Until Febru-

ary 1986, they had been the political

beneficiaries of the tyranny and cor-

ruption identified with former Presi-

dent Ferdinand Marcos. But victory

was snatched from them when Mrs.

Aquino triumphed without their support. The Communists also mis-

read the public mood in January, at

the time of the constitutional refer-

endum, and the party's political sympathizers in the Alliance for

The Philippine Communists are

genuine service to the people.'

By William Pfaff

waited until five months after the Normandy landings and two months after the liberation of Paris before grudgingly granting de Gaulle's government diplomatic recognition.

For France, however, de Gaulle had saved the national honor in 1940, and by sheer force of will compelled Britain, and the United States in the end. to accept Free France as a full ally. He restored republican government, disarming Communist resistance forces that for a time seemed to threaten it.

Again, in 1958, he came to power in a crisis, that of the Algerian war, and brought about an enduring settlement, at the cost of suppressing a military mutiny and a struggle inside France that produced repeated attempts at his assassination.

The third historic service he renhimself, came in the spring of 1969. uprising of 1968 had delivered a severe challenge to his government. He eventually mastered the situation by dissolving Parliament and calling new elections, which resulted in a Gaullist landslide. Still, he had been shaken.

Early in 1969 de Gaulle's friend, and minister in his government, the writer André Malranx, made an ap-pointment with a high official of the U.S. Embassy in Paris. Malraux ostensibly wanted to discuss an invitation he had received to travel to the United States. That was soon settled.

New Politics were trounced in the

congressional elections in May. Still, the Communist movement in

the Philippines is not on the verge of

defeat. The country's social and eco-

nomic ills remain virtually untouched,

while landowners have begun to orga-nize in an attempt to frustrate the

president's declared commitment to

land reform. Moreover, with Congress

convening at the end of June, a tradi-

tional oligarchy will have been re-

stored with only Mrs. Aquino symbol-

izing political change.

But despite a trend that might

seem to serve their cause, the Com-

munists are of two minds. Armed

struggle over nearly two decades has

not brought them close to achieving

power. Struggle through the ballot

box, however, has also been a failure.

In frustration, they have resorted to urban terror in Manila in the hope of

provoking a Marcos-like response

the Communists is that they posses an anonymous identity. This is a seri-

ous handicap in the personalized po-litical culture of the Philippines. They

may feel that justice is on their side,

but they cannot match the saintly personal appeal of Cory Aquino.

That is her government's major asset.

ing professor of political science at the

Letters intended for publication should be addressed "Letters to the

Editor" and contain the writer's sig-

One fundamental problem facing

from the Aquino government.

gested, felt old age overtaking him. His sight was going. He felt his powers falling. He had seen others his old companion at arms. Winston Churchill, for example go on too long in public life. Moreover, his succession was arranged. Georges Pompidou, his for-

mer prime minister, would unquestionably run for the presidency when de Gaulle left, and would win. The general regarded Pompidou with a measure of disdain, as a parvemi, but he recognized him as a capable man in whose hands the government would be secure. Malraux said nothing directly, in

this conversation in the U.S. Embassy, but he said a great deal indirectly. The import, as the astonished American diplomat interpreted it, and as dered France, when he saved it from he reported to Washington, was that be in control of the hearings. before long the general could be exdent to happen to him, one which would allow him to abandon power with the same decisiveness with which he had always wielded it.

He would go in a way that would permit no ambiguity, no appeals to continue, no threat to the position of his successor. The United States should be aware of this in advance; he wanted no unfortunate surprises.

The American did not know whether all of this was Malraux's fantasy. Malraux's own interpretation of de Gaulle's state of mind, or whether Malraux was delivering a message drafted by the great man himself. He cannot say today. He reported to

Washington what had occurred. In March 1969, de Ganlle declared that a national referendum would be called on an intrinsically unimportant issue of political decentraliza-tion. He said that he would consider the result a test of his mandate. The referendum took place on April 27, 1969, and de Gaulle, as most expected, lost the vote by 52 percent to 48 percent. He made known his resignation shortly before midnight the same night. On his orders, every trace of his presence was immediately removed

He returned to the modest house he nameained in the village of Colombeyles-deux-Eglises. Nincteen months lat-er, 10 days before his 80th birthday, he died of a heart attack: A few months government itself. earlier, in a conversation with Malraux he had remarked, "I gave France back what she had given me."

International Herald Tribum

from the presidential palace.

O Los Angeles Times Syndicale.

hished more about Saudi Arabian largess. It shows again that Congress, by a thread, is hanging on to relevancy in the conduct of foreign policy. It

A Pontificating Congress

U.S. presidents don't have to wor-

ry about successfully lobbying for aid

When presidents need money for

projects over which Congress nomi-

nally has control through its appro-

priating power, they don't have to grovel for it from prosaic mem-

kicked in \$32 million for the contras.

The Sandis are not much for democ-

racy: they won't have it at home. But

casting bread upon the waters is a

good idea, and more often than not

it comes back to them in the form of

the new weapons they perpetually

seek. The Reagan administration's failure to deliver 1,600 Mayerick mis-

siles reflected the times. The hearings

have given a bad name to all arms

sales in that part of the world.

The New York Times has just pub-

seems that from Afghanistan to

Zaire, King Fahd has been doling out

millions to promote Western inter-

ests, sometimes at the prompting of

William Quandt, who served on

Mr. Carter's national security ad-

going on now. Everything we did was in keeping with established proce-dures. This administration wanted to

do something it was not permitted to

do. There is nothing new about the

fact that governments act jointly for

the promotion of mutual interests."

the United States, sometimes not.

We already know that the Saudie

bers. They rub Aladdin's lamp.

In Muddles of Its Making

By Mary McGrory

W ASHINGTON — Why does the ing to raise \$1,600 every working day, it also would help the competition.

Well, its members serve as extras in for projects that take their fancy.

President Jimmy Carter's National Security Council staff, put the equatween the constitutional prerogatives tion in stark terms: "It takes King Fahd about 10 seconds to sign a gress nor the president should be check. It takes Congress weeks to assumed to have impaired the ability of the other to implement its own debate the smallest issues of this sort. If you can get somebody else to pay for it, it's nice and convenient." foreign relations objectives. To the extent possible, each should be given the leeway to exercise its best judgviser, Zbigniew Brzezinski, said: "It's ment, and then leave the ultimate a good quote. The king has plenty of judgment where the ultimate power money and has no Congress to worry about. There is no parallel to what is

But where does it leave Congress? It holds hearings, summons witnesses, pontificates, marks up, postures through long debates, haggles with the White House, temporizes, com-De Gaulle Saved France, From Himself promises and, if it passes the taitered shreds of what it had in mind, teristically allusive fashion to talk pats itself on the back. King Fahd about de Gaulle. The general, he sugpresides over the till.

Congress-baiting may have reached a new level with the Reagan administration. It has been especially hard for a president who won 49 states to think of himself as a mere artner" in the great scheme of the funding Fathers. To him, the Boland amendment was a typographical error in the heroic chronicles of the Reagan Doctrine. Oliver North never nattered about technicalities.

The colonel and his lawyer have been putting on a show of strength on Capitol Hill that has had the select committees running around in circles. Colonel North's attorney. Breadan Sullivan, marched in and announced that his client would not be testifying first in private, as have other witnesses. Negotiations ensued, even though Congress is thought to

Mr. Sullivan tried to lay down vide Colonel North with certain pa-pers, restrict the area and length of the questioning. In short, said one morose member, "He gave a large Rockefeller salute to Congress."

Mr. Sullivan knows, of course, that in addition to its usual diffidence before strong-minded individuals, Congress is in a time bind. It can cite Colonel North for contempt, but the case would drag on for years, and in the end would kill the hope Congress has of hearing his sto-ry, which is the point of the exercise. "You wouldn't believe it," a member said, "but they are talking about what a smart, stand-up guy Offic North was to get himself such a smart lawyer. They don't mention the in-

dignity of the whole thing."
That's Congress for you, And that's apparently why several presidents of the United States have preferred to deal with the king of Saudi Arabia. Universal Press Syndicate.

An Issue to Address

A FTER the conclusion of the Iran-contra hearings. Congress may want to address itself to an issue that may be second to none in determining the future of American society the notion that subversive activities can be carried out against other governments without subverting the U.S.

It would be a good way to observe the bicentennial of the Constitution. - Norman Cousins, former editor of the Saturday Review of Literature, writing in the Los Angeles Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

en nill example extrated by the li-

The American public is now turning away from the echoes of Republican cacophony in Chicago toward the country [on June 23], the Left press sounds of Democratic discord in Bal- hailing it as a continuation of the The writer, who is on leave from the Convention that may become almost meant a return to orthodory. The as bitter as that just endell with the appointment of Georges Bonnet, renomination of President W.H. Ambassador to the United States, to Taft. The chief difference between the post of Finance Minister was the two situations is that the Bahistressed as promising a return to finance battle will be the result of a president of the post of the post of Finance Minister was London School of Economics, is a visit-National University of Singapore. He contributed this comment to The Intermore battle will be the result of a nancial orthodoxy after the adventurstraightforward and honorable rival- ous policy of Vincent Auriot. ry among candidates for the Press. NEW YORK — The New York dential nomination. Mr. Clark, Gov. Times said: "Mr. Chantennes let it be ernor Wilson; Governor Haumon and understood that the new government."

1912: Democrats' Turn 1937: New Paris Cabinet PARIS - [A Herald editorial says:] PARIS - The constitution of Pre-

timore. All indications point to a Front Populaire, while the press of struggle in the Democratic National the Right [said] that the new set-up

Mr. Underwood have been energed, would continue the application of the for some weeks in an open contest for Blaim government's program, al-delegates. Mayor Gaynos followed though perhaps under a form and with York is more and more talked of as at methods slightly modified. The New possible nominee, and Mr. Bryan. York Herald Tribune said. The like the poor is "always with us." Front Boullaire frameworks. nature, name and full address. Letters should be brief and are subject to The hands of Corazón Aquino editing. We cannot be responsible for the return of unsolicited manuscripts.

national Herald Tribune.

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OPINION

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After NATO: The Drums of Decoupling

J.ONDON - The George M. Cohan-phase of American foreign policy is ending "Send the word, send the word over there," went his World War I lyne. concluding "and we won't come back till

The struggle to defend democracy in Western Europe is not over, despite the seeming end of Cold War II, but we are coming back. The Yanks — a third of a million trobps — will be gradually "drawn down" in the decade ahead.

That is rituelly decade by Mark.

That is ritually denied by President Reagan, and it will not happen on his watch. But the tectonic plates underlying the Atlantic alliance have shifted. and the next administration, Republi-can or Democrat, will abandon the old nuclear umbrella myth and face the new reality: The United States will not guarantee to respond automatically to a Soviet attack on Western Europe with an attack on the Soviet Union.

Why not? Has NATO not successfully deterred the Russians for two genera-tions, and is there not strength in unity? Yes. Will a post-NATO world not encourage the Europeans to become neutralist, or invite the Kremlin to roll its tanks westward? Not necessarily.

The fact is that America's European allies see NATO as a strictly regional pact with the Iron Curtain as its front line. When the United States acts to stop Communist expansion in Central America, Enrope disapproves; when it attacks a center of terrorism in Libya, France (which is not a NATO member, but benefits from its existence) refuses overflight; when danger looms in the Gulf, Europe is willing only to hold America's coat.

We Americans used to accept Europe's parochialism because we thought of the Iron Curtain as our front line, too; it was in the U.S. interest for American troops to man the ramparts in West Germany. We told ourselves it was actually cheaper to keep our men in Europe than to house them in the United States, assuming illogically that U.S. Army troop levels would be the same after we decided to update our strategy.

But approaching the millennium, Americans are realizing that their front line is the skyline; the country's primary national defense interest is to protect itself from the threat of incoming missiles. Its global mission is better served by investing in a new nuclear shield than in manning old caserns in West Germany.

The "star wars" strategy is here, it is irrevocable and it is already making its impact on the plans of European leaders. They know that a survivable superpower -not wholly impregnable, but not naked to nuclear attack - could then help defend their borders, by reinforcement or

by threat of escalation elsewhere. The regional defense strategy of the West is now changing as an immediate consequence of its greatest victory. The Soviet intermediate-range missile bluff of the 70s was met with European-American resolve in the '80s; Moscow is now willing not only to restore the status quo ante, but to lower the nuclear ante — to remove shorter-range missiles.

By William Safire

Mr. Gorbachev's plan is simple: Since Western Europe could not be intimidated with Soviet nuclear missiles, then all of Europe should be denuded of nuclear weapons, leaving the West vulnerable to old-fashioned Soviet tanks and planes and armies. The

ESSAY

military means are different; but the Soviet goal of extending its domination of Europe further west is the same.

Now it is up to the Europeans to respond as a regional power should. They need not await some utopian federation; right now, the population and total GNP of the West European nations are larger than the Soviet Union's. America can help by seeking to negotiate down Soviet conventional strength, but Mr. Gorbachev is unlikely to give away his regional advantage for nothing.

Voting Selfishly, of Course

Regarding the news analysis "Britain's New Political Center: The 'Haves' Back

The naïvete of Howell Raines is as-

tounding - or does he speak with tongue in cheek? He talks of Prime Min-

ister Margaret Thatcher's appeal to vot-

ers' selfish interests. When have voters

ever voted for someone else's interests?

days when, under Labor rule, with 30

percent inflation, the country was very

near to bankruptcy. Nor do they forget

that there are those within the Labor

Party whose sole ambition is to reduce

the whole country to "have nots," and

thus put us on the sure road to commu-

nism. Neil Kinnock (a sincere man) would be deposed within a week of com-

ing to power and be replaced by one

The Alliance grouping of Liberals and Social Democrats destroyed itself by

having nothing to say except strident

personal attacks on Mrs. Thatcher. The

electorate are not fools; they know all

about Mrs. Thatcher but, with the pros-

perity of the country in mind, who else

Pornography Scandal

Le Château d'Oléron, France.

Regarding "15th Is Arrested in Por-

nography Ring in Brussels" (June 20), I would like to make the following clarifi-

cations: The persons arrested were

members of the national committee for

UNICEF and not of the organization

itself. National committees are autono-

mous structures organized mostly in in-

dustrialized countries to support UNI-

LE ALLWOOD.

of sight at the moment.

could they vote for?

of the hard left, who are keeping out

The voters have never forgotten the

Thatcherism" (June 13):

al threat? Experience has shown that the Russians will discuss arms reduction only when their adversaries begin building defenses. That means not merely replacing the withdrawing Americans, but increasing and improv-ing the forces needed to make a Soviet thrust too costly to undertake.

All the old fears of the consequences of recognizing reality, of a sinking of spirit and a rush to accommodation w communism, are losing relevance. Paris and Bonn have been shocked into talking about an integrated force; good. The era of defense dependency and its re-sentment is ending; the drums of deconpling are drum-drumming everywhere. Europe and America need each other

as much as ever, but with a different mutuality of reliance — the European states to defend their eastern border and free-market interests in specific regions the United States to apply its strength to help freedom prevail around the globe. The New York Times.



LETTERS TO THE EDITOR

CEF's cooperation in developing countries through advocacy and public information as well as fund-raising activities and sales of greeting cards.

Jozef Verbeeck and-Michel Felu were not UNICEF officials as such but employees of the national committee for Belgium, Furthermore, Mr. Felu was not a volunteer but employed, with others, as part of the unemployment reduction

UNICEF is deeply concerned with the events in Brussels and firmly condemns these and all physical and moral attacks on children's dignity. The director of the national committee has been suspended pending the results of the inquiry undertaken by the Belgian legal authorities. VICTOR SOLER-SALA.

Director of UNICEF, Geneva Office.

Venice, for Tea and Photos

Just how much more of this summit garbage must the world suffer through? The Venice media event between these so-called leaders resulted in nothing but meaningless piffle regardless of the cheerleading twists they tried to put on it. President Reagan caves into Prime Minister Yasuhiro Nakasone, Prime Minister Thatcher drops by for tea (and photo), and Chancellor Helmut Kohl feeds some overweight pigeons.

If these biggies really wanted to pull off something productive, they might have tried to have Mathias Rust sprung from the Kremlin pokey. As it all turned out, all we got was another terminal case of the ZZZs.

CHUCK PAINTER.

I am an Italian and as such I know of the waste of public money. During President Reagan's visit to It-

aly, millions of dollars were spent for his security: for guards, armored cars and so on. That is perfectly O.K.; the safety of the American president comes first. But was it really necessary to ship from Portugal a double bed to the villa

near Venice where the presidential couple spent a few nights? Couldn't the Reagans, for economy's sake and concern for the American taxpayers, have slept in separate beds? R.D. GRILLO.

The Cruelty of the Bullring

Your edition of June 3 shows a photograph of a bull somersaulting during a pass at a matador in Madrid. Contrary to the would-be caption, "Topsy Toro," the text describes something that seems to me to be anything but funny: "The bull's horn was rammed into his head but the fight went on." Increasingly, people in Spain today are recognizing bullfighting as cruel and barbaric, and ouite in contrast with the finer things of Spanish culture. I think you should be more sensitive to such situations.

JOAN KENNEKE

Working Better Together

I enjoyed "Superconductor Search: A Race and an Obsession" (May 19). But the remark by a physicist at Bell Laboratories has been bothering me. He said: "I suspect that the first products will be from Japan. Whenever individual efforts count, we have been leaders. Yet, when it comes time to turn ideas into products, we are lost."

The stereotype that Americans rebel at teamwork while the Japanese excel at it, and that Americans are creative individual researchers while the Japanese are not, is untrue, and it can only harm relations between the countries. The Manhattan project and the Apollo moon shot are two striking examples of

effective American teamwork. The style of pursuing science and technology has evolved steadily, and while individualism is still important, group effort is practiced more and more in every country. Perhaps what is needed is a new vision incorporating individualism and groupism, to enable people of all nations to turn ideas into products." Philosophers, please accept this challenge!

KENKICHIRO KOIZUMI.

Soft on History?

Regarding the opinion column "Has Europe, the Crippled Genius, Given Up on Itself?" (June 1) by James Reston:

Is sane Scotty Reston going soft in the head or just trailing his coat? His equation of 1787 America with today's Europe sounds like some provincial clown comparing contras to "our founding fathers." Both parochial and bogus.

MICHAEL KUIL Segovia, Spain.

A Generalist Philosophy

Regarding "The Medical Bits and Pieces Don't Add Up" (May 26):

The dilemma Ellen Goodman points out is due to mass hypnotism via the mass media, a modern Western disease to which, fortunately, we in the developing also their pilots' homes, with families, world are not yet exposed. As a broadcasting professional, I am swaying back to the generalist philosophy of life: deal with the whole person, not parts of the system. A. MAWAZ.

Kuala Lumpur.

A Death, on the Longest Day, Of Someone Quite Particular

By David Glidden

to let the homeless have their bridges and their benches, even to give them a thirst. Otherwise they were left alone, as independent spirits. But they were also left to die, to perish with the same indifference that sustained them.

(حکوا من المصل

During the summer solstice, the long-est day of the year, the sun rises while

MEANWHILE

the city is still dormant. But one long-ago longest day I found dreaming diffi-cult, so I walked around Paris streets at 4 A.M. The street sweepers with their twig brooms were out, as were the garbage collectors and those who clean the gutters by laying down heavy rags next to street faucets to guide the stream first in

one direction and then another.

A few remaining ladies of the night leaned against facades, making themselves conspicuous. Their clothing and facial paint revealed too much; what might have fascinated a man at midnight looked grotesque in the streaks of dawn. In an alley an elderly woman was feed-

ing some unwanted, mangy cats. She talked in loving tones to them, and for the time they were her peis, competing for her attention, rubbing up against her legs.

About that time the cafes opened their doors. The Algerian street sweepers and gutter washers gathered for a

drink of some brightly colored liquor, vellow or green. And I walked into their café for a coffee and croissant. Around six or seven, most mornings, I would head back to a Left Bank apartment to begin my day's studies. But on this particular June morning something happened. Crossing the bridge from the Ile St. Louis to the Ile de la Cité. I found

police had gathered at my favorite view-ing spot downriver. I asked what they were doing and was told it was not my concern. But I continued to watch all the same, as they began to drag the river. Two police divers went down and came up with a stiffened body, his arms emerging first, stretched out like a diver's. It was the first time I had ever seen a dead man, and when I saw his

face, I discovered that I knew him. It had been a melancholy summer, that summer of '75, so I had taken to reading Henry James's "Ambassadors" in the late afternoons, sitting on a particular bench on the port side of the Ile St. Louis, below street level and just above the Seine.

Watching the barge traffic proved a distracting comfort. Those barges were pets and autos piled on the barges. On sunny afternoons laundry would be hung to dry; in the evenings I could smell the aroma of old-fashioned French cooking, rich in sauces and in cream.

R IVERSIDE, California — At the time it seemed a form of courtesy, spring rains. I used to look for a mother spring rains, I used to look for a mother and her broad of ducklings, as she guided them from one He to another. They had taken up residence at the ivy-covered end of the Ile de la Cité, behind Notre Dame cathedral and at the spit of land that is now a memorial to the French who were deported to Nazi death camps in World

War II. Such a place as this had finally found room for kindness and for refuge. One moody day I came away from my distractions to discover a clochard sitting on the bench beside me, nursing his wine. It is said that in earlier days the Parisian homeless person, or clochard, was just an independent soul who preferred his life outdoors. Now most of them are alcoholics with nothing but old clothes to wear

and bridges to sleep under.

This particular elechard struck up a conversation, asking why I was so quiet. No, he was not asking for contributions. Rather, he wanted to talk, to enjoy the summer evening air and a civil When I did not at first reply, he did the next best thing and offered me a drink.

I declined but began to talk with him instead: about the river traffic, the weather and the ducks. It was a limited conversation; my French was not good and my companion wasn't sober. But he swore he understood everything I said and claimed my French was better than de Gaulle's. He cheered me up. I left the bench to have some dinner and bid my friend adieu. A few days later, on the summer solstice, the police found him in the Seine.

Until I had seen his face it seemed a considerate strategy, a form of Parisian politesse, to let the homeless be. But this person I had briefly known had died as a

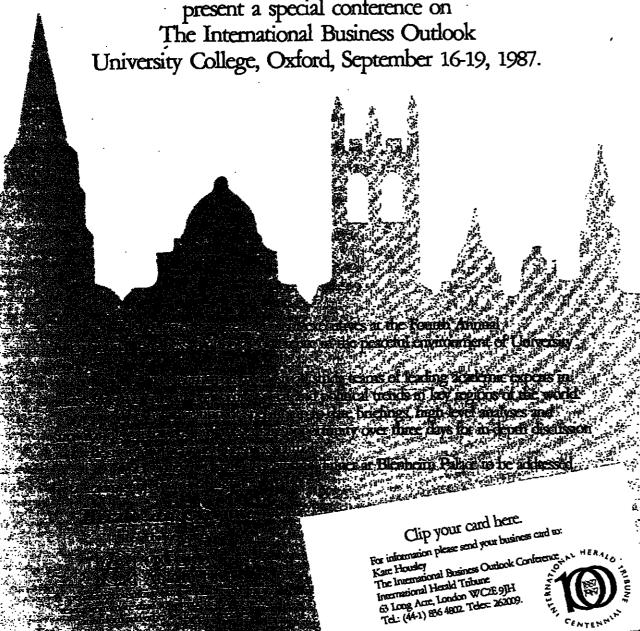
consequence of such consideration. We rarely think how homeless per sons spend their time or what they think about. Considering them from the outside makes it difficult to consider them from within. There is something quite particular about how these human beings spend time, sitting on their benches and reflecting on their lives. They notice little things, like ducklings swimming in the river, things few others attend to.

There is a certain sense of companion ship and commonality among clochards and it extends to strangers too - a mutual consideration for the unhappy and those despairing of themselves. This is the fraternity of the homeless. Observing the bustle around them, there is a special, slower sort of knowledge they enjoy that most never will discover, a knowledge that may well lend itself to melancholy and to drink, but a knowledge all the same. The only place for proper observation of such a spectacle is a stationary

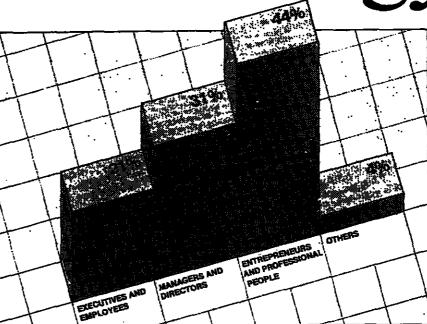
The writer is a professor of philosophy at the University of California, Riverside. He contributed this comment to the There were water fowl on the river. Los Angeles Times.

An Invitation

The International Herald Tribune and Oxford Analytica present a special conference on



advertising and solar energy One third of all II Sole 24 Ore reader



Solar energy carries prestige. It's important, and the symbol of a new market. Il Sole 24 Ore gives its advertisers the inexhaustible source of energy that comes to us from its ever more positive circulation and reading trends, from its ever better qualified readership, from its ever more complete contents. The histogram above gives us a fine idea of how a good 44% of Il Sole 24 Ore readers are entrepreneurs and professional people, of how almost all of its employee-readers hold positions of great responsibility.

Over the past 12 months, thanks to their high decision-making power, Il Sole 24 Ore readers have decided to purchase or rent important accessories for their professions: computers (38%), photocopiers, industrial equipment, apartments and premises.

While only 11% of all Italians hold an insurance policy other than their car insurance,

the percentage goes up to 70% for Il Sole 24 Ore readers: the umpteenth proof of their willingness to invest in well qualified goods and services.

Sole 24 Ore readers place savings in an

investment fund (that's over ten times the Italian average), and 41% own shares quoted on the stock exchange, along with giltedged securities, and other fixed-interest bonds. There's more: half of its readers hold a personal credit card (the national average is 2%), and 54% use two or more banks as part of their everyday routine.

Although nearly all (95%) Il Sole 24 Ore readers own a colour

tv set, they're not great radio or television fans: on average, they only watch television for one hour eighteen minutes a day, while the national average is more than four hours.

The high purchasing power of Il Sole 24 Ore readers is confirmed by the fact that 57% of them run two family cars (national average: 27%), and 20% of them actually own three. And more than half have a car with a capacity of over 1400 cc, the national average being 15%.

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Compiled by Our Stuff From Dispatches

after the first shock oil price increase, is part of a 6 trillion yen billion yen, the officials said. emergency economic package unveiled by the government in May.

ited the impact of its economic roads.

REAL ESTATE

TO RENT/SHARE

WASHINGTON — A former while being interrogated," Colonel conduct and espionage against a U.S. Marine guard at the U.S. Em- Shotwell said.

> Sergeant Lonetree is awaiting a court martial on espionage charges stemming from his alleged delivery of classified documents and other items to Soviet agents while posted to the Moscow embassy.

Corporal Robert J. Williams, 22, Corporal Bracy, also a former of New York City, is being charged Moscow guard, had been accused with nine counts of making false of espionage, but the corps statements and two counts of perdropped all charges against him June 12 when it could not develop jury, the spokesman, Lieutenant Colonel John Shotwell, said Monsufficient evidence.

The corps is charging that by Corporal Williams, who was as-Corporal Williams impeded the spy March to September last year, and investigation and caused "the misthen in Vienna until April, repeatedly changed his statements involving the alleged activities of Ser- investigative resources.

geant Clayton J. Lonetree and Corporal Arnold Bracy, the ment of charges against Corporal Williams, disclosed that he had

London Redevelopment Plan Falls Victim to a Landmark

The plan would involve the de-LONDON - A plan to redevel- molition of eight government-proon the heart of London's financial sected buildings. It was the second district that opponents said would design by a renowned architect have obstructed views of St. Paul's submitted by Mr. Palumbo, and he Cathedral was dropped by plan- is expected to appeal the planning ning authorities Tuesday.

A property developer. Peter Palumbo, has waged a 27-year cammasterpiece put up opposite the Bank of England in the City of London.

The masterpiece put up opposite the bank of England in the City of London.

The masterpiece put up opposite the a six-story design by the award-mony under interrogation provided winning British architect. James by Corporal Bracy, who initially contains the c

Japanese Cabinet Backs Plan for Extra Spending

Compiled by Our Stuff From Dispatches packages by juggling its budgetary TOKYO — The Japanese cabibooks. This time, however, such fiscal maneuvers seem to have been net approved the biggest supplementary budget in 13 years Tuesday in an attempt to invigorate the sa The United States has been economy and defuse foreign critipressing Japan to stimulate its economy and step up its imports in hopes that this will help cut the U.S. trade deficit, which totaled cism of its huge trade surplus. The draft supplementary budget is aimed at financing one-third of

\$170 billion dollars in 1986. The 101 billion yen allocated for alized democracies, government gurchases of foreign goods in 1987-officials said. three-year program costing 146 bil-lion yen, the officials said.

Most of the imports are expected to come from the United States. Japan's biggest trading partner.

Besides two foreign supercomputers costing a total of 8.7 billion The supplementary budget, the biggest since that adopted in 1974 13 helicopters worth 7.2 billion yen yen, Japan also intends to purchase and five other aircraft worth 13

Under the supplementary budget, the government will spend 1.76 Aziz is crown prince and managing In the past, Japan has often lim-trillion ven on such public works as director of the emirate's executive (Reuters, AFP) body.

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third Marine, only to contradict and withdraw those charges during

a subsequent interrogation. Colonel Shotwell said that Corporal Williams has never been suspected of espionage himself but that he repeatedly gave conflicting stories as he was questioned about his knowledge of the activities of the others.

"The Marine Corps finally de-cided that the best thing to do was to prefer charges," the colonel said. Corporal Williams will be given a military attorney and will appear signed as a guard in Moscow from constantly changing his accounts. before a hearing officer who must recommend whether he should face

For two weeks in April, Corporal Williams seemed destined to be-The corps, in its formal state- come the star witness in the espionage trial of a fellow guard at the Moscow embassy. The Washington Post reported from Washington.

On April 2, Corporal Williams gave investigators a detailed ac-count of how Corporal Bracy broke down in tears as he was leaving Moscow, describing how an embassy cook had seduced him into committing acts of espionage for the KGB. That, plus Corporal Bracy's own statement of complicity, seemed to make for an ironclad

case of espionage.

But then both men suddenly repower plants in Yonggwang, 150 canted their statements, leaving the case in shambles.

The only known basis for the His initial proposal was a glass belief that Soviet agents were pertower. The latest rejection came on mitted into the embassy is the testi-Corporal Bracy, who initially scribed himself as a "lookout" for Sergeant Lonetree.

A senior U.S. intelligence official said there is no independent evidence confirming that any Soviet agents were allowed into secret areas of the U.S. Embassy in Moscow

by the Marines.

Like Sergeant Lonetree and Corporal Bracy, Corporal Williams asserted that he was tricked into making incriminating statements during long interrogations. They contended that the use of polygraphs, protracted and threatening interrogations, and the use of various ruses by the agents led them to make false statements. (AP, WP)

Sharjah Sheikhs Agree To Reconciliation Pact

The Associated Press

SHARJAH, United Arab Emirates — Sheikh Abdel-Aziz Bin Mohammed al-Qassimi, who tried to take over the Gulf emirate of Shariah reconciled Tuesday with his brother, Sheikh Sultan Bin Mohammed al-Qassimi, who is the emirate's ruler.

Officials said the brothers agreed in a pact ending the weeklong coup attempt that Sheikh Sultan is the legitimate ruler and Sheikh Abdel-

On Thursday, he will meet with Kim Young Sam. miles (245 kilometers) southeast of About 20,000 radical students at Yousei University met Tuesday

Students burned effigies of President Chun Doo Hwan and his designated successor, Roh Tae Woo, in Seoul on Tuesday.

and decided to go ahead with a march Friday in Seoul. He made his first public remarks "Attempts to solve problems by A resolution approved at the ralresorting to violent and illegal means will serve no one's interest," ly said the students would march on the presidential Blue House and

warned against resorting to martial law or other strong measures. "From the very moment extraortable and worrisome that violent dinary measures are taken," it said, street demonstrations and riots "we will no longer stick to the pre-

sent policy of peace and nonvio-

Mr. Chun has said he would step The National Coalition for a down as president in February. It Democratic Constitution, a new was the formal nomination by the opposition alliance that organized ruling Democratic Justice Party on the June 10 protests, has called for June 10 to replace him with Roh nationwide "peace marches" in Tae Woo, his close associate, that Seoul and other cities Friday but said it might cancel the planned marches if the Chun-Kim meeting The White House has been urg-

produced results. Political violence in the past two weeks has been the worst since Mr. Chun came to power after Presi-Before arriving, Mr. Sigur told a dent Park Chung Hee was assassi-U.S. television interviewer that "we nated in 1979, and the Yonsei University rally Tuesday was the largest that local observers had seen in years.

Police announced Tuesday that 12,686 people had been detained ously serious" situation. At the since the protests began but that same time, the United States is con-most had been released.



Kim Young Sam, left, met Tuesday with Kim Yoon Hwan, an aide to President Chun Doo Hwan, to arrange the talks.

VW: Toyota, German Automaker Join Forces on Trucks

(Continued from Page 1) Mr. Sigur is scheduled to meet ket the Hi-Lux pick-up truck in

separately with Mr. Chun, Mr. Roh Europe through their distributor-

primary source of engines, has been the United States and Brazil. operating at 65 to 70 percent of Mr. Hahn said that Brazilian

had been rumored to be consider- period, to 106,000, because of the ing closing it.

Separately, VW announced Tuesday that its worldwide sales in the first five months of 1987 were Industry analysis said the accord down 3.6 percent from a year earlimay have saved the Hannover fac- cr, to 1.15 million vehicles, mainly tory. The plant, until 1970 VW's because of a sharp drop in sales in

country's economic difficulties, while U.S. sales fell 23 percent, to 92,000, largely because of the drop Weizsicker Arrives in Athens of the dollar.

In contrast, European sales rose by a record 9.1 percent, to 474,000 vehicles during the period, he said won Weizsäcker and Foreign Min-Sales of VW's recently acquired ister Hans-Dietrich Genscher of Spanish unit, SEAT, rose more West Germany arrived here on than 37 percent, to about 110,000 Tuesday for an official four-day

ATHENS - President Richard

Mail Service

In Canada

Disrupted

By Strikes

By Herbert H. Denton

Washington Post Service
TORONTO — Mail service

across Canada, which in normal

times can be slow and erratic, is in

disarray as letter carriers hit one

city after another without warning

in a series of brief but sometimes

The police and strikers have been injured in scuffles in Calgary, To-

land, as the strikers attempted,

sometimes successfully, to block

mail trucks and vans carrying re-placement workers who were hired

since the strikes started June 16.

Striking letter carriers broke into

a Montreal postal station last week,

overturned mail racks, smashed chairs, trampled on letters and

packages and beat up temporary employees brought in to replace

Sympathetic sorters and other

unionized postal workers still

working have said they are deliber-

ately misdirecting some of the mail

that is still going through. Leaders of Canada's major

unions have given strong backing to the Letter Carriers Union of

Canada, which is resisting the de-

mands of the government-owned corporation, Canada Post, to scale

back the work force and after over-

time and work rules. Faced with a

cit by Canada Post, the government of Prime Minister Brian Mulroney

has taken a tough line in negotia-

"Ronald Reagan broke the air traffic controllers because the labor

movement in the United States stood by and let it happen, but it's not going to happen here." Bob White, president of the powerful Canadian Auto Workers, said as he

walked the picket line with letter carriers in Toronto on Saturday.

The letter carriers, who have adopted the tactic of rotating

strikes partly because they do not have a strike fund, appeared to win

one round over the weekend, when

postal management officials called for a federal mediator and agreed

to end the experiment of hiring

replacement workers to help deliver the 25 million pieces of mail

handled each day nationally.
Since 1981, Canada Post has de-

creased its annual operating deficit,

which had been as high as \$440

million mostly by raising postal rates. The cost of a first class

stamp, now about 29 U.S. cents,

more than doubled between 1981

Mr. Mulroney's government has

been attempting to balance the books by closing hundreds of rural

post offices and by eliminating home delivery in some new subur-

and 1985.

ban subdivisions.

ronto and St. John's, Newfound-

violent rotating strikes.

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(Continued from Page 1)

on the crisis at the opening.

newspapers.

he was quoted as saying in local

"In this respect, it is very regret-

continue these days," the papers

prompted the demonstrations.

ing Mr. Chun to avoid emergency

measures in coping with the crisis

and to solve it through negotiations

do not want to see the military

Mr. Sigur's trip is seen as an effort to underscore U.S. concern

over what he has said is an "obvi-

cerned that the visit may raise anxi-

eties about the U.S. role and sug-

gest analogies to visits by U.S.

fall of the former Philippine presi-

and Kim Dae Jung on Wednesday.

dent, Ferdinand E. Marcos.

voys in the final weeks before the

quoted him as saying.

and compromise.

involved" in the crisis.

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MONTENEGRO: For Thousands, a Roundabout Road to a Better Life (Continued from Page 1) his six children, all born in Ameri- out at 3 A.M."

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ca. on a disability pension from Chrysler Corp. He has added a swimming pool

work and support themselves.

a four-story nouse.

In Dosudje, a hamlet of Gusinje, ets to the young men who want to the Gjonbalaj family returned from join them in America.

Brooklyn 18 months ago and built Yugoslavs need no visas to enter where they are met by ethnic Alba- this trade, the new arrivals obtain

living here with his wife and five of greater here, because "you can go the Titograd office of Yugoslav ers to the border and across it. Airlines, with the complicity of em-Family bonds are strong among ployees.

Albanians, Mr. Gregl said and, al-He said the authorities had haltthough they are not highly educated what he called "monkey busito his parents' house and he dreams ed, they are good workers and put ness." But those who operate the of returning to the United States their money aside. They do not connection have found other ways when his children are old enough to hesitate to advance money for Tito- of obtaining the tickets on West grad-to-Tijuana round-trip air tick- European carriers. From Mexico City, the official

videos. Nina, 16, said freedom was these tickets were obtained through eyes, the hosts guide the newcom-

Once in the United States, said Mr. Gregl, who has often visited Washington for talks with immiobtain drivers' licenses for the new arrivals. These serve as starting documents necessary to obtain res-

ident-alien status. The official said that with the said, the migrants fly to Tijuana, help of lawyers who specialize in Mexico, but they must show the mians who are already American green cards, which legalize their The teen-agers miss New York, immigration officials a return tickbut compensate with American et. In earlier years, Mr. Gregl said, the Mexican police to close their \$8,000 to \$10,000.

House Democrats Pass Budget That Confronts Reagan With Tax Increase

of Representatives on Tuesday passed a budget for fiscal 1988 written by Democrats to confront ed Wednesday. President Ronald Reagan with a tax increase while rejecting his call for increased military spending and trims in domestic programs.

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Despite the tax increase, the plan about the same as the plan Mr. would leave a deficit of nearly \$134 Reagan submitted. billion for the year beginning Oct.

where it would be without action,

The Associated Press

The \$1 trillion spending plan was promised in the Gramm-Rudman but he has repeatedly threatened to budget-balancing law. However, veto the taxes mandated by the framework of Representatives on Tuesday three Republicans in favor. Final assed a budget for fiscal 1988 enactiment by the Senate is expect
The \$1 trillion spending plan was promised in the Gramm-Rudman but he has repeatedly threatened to budget-balancing law. However, veto the taxes mandated by the Democratic plan would measure. The Democratic plan assed a budget for fiscal 1988 enactiment by the Senate is expect
The \$1 trillion spending plan was promised in the Gramm-Rudman but he has repeatedly threatened to budget-balancing law. However, veto the taxes mandated by the Democratic plan would be measure. The Democratic plan would be a state of the law not be increased.

The budget resolution does not even if Congress passed a tax bill

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1, well above the limit Congress require the president's approval, they could not override a veto. INTERNATIONAL CLASSIFIED **ESCORTS & GUIDES ESCORTS & GUIDES** ESCORTS & CLIEDES

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Channel Islands



A view of High Street, St. Peter Port, Guernsey.

Evolution of an Offshore Center

Stability Is Key to Financial Future

The islands are now much more

international finance centers, no

longer dependent on Britain but

attracting business worldwide.

By Peter Body

T. HELIER, Jersey — Although part of the British Isles, the Chan-nel Islands had no direct involvement in the recent British general election. A collection of seven inhabited islands closer to France than England, the Channel Islands are not represented at Westminster and the two principal islands of Jersey and Guernsey have their own parliaments, which make their own laws

and, most importantly, fix their own taxes. Their allegiance is to the Queen of Enpland, who is still toosted in the islands as the Duke of Normandy, emphasizing the historical link forged in 1066 between this former part of the Duchy of Normandy and the English Crown.

The British government has no direct say in the internal administration of the islands, although it does look after their defense and foreign affairs, services for which the island-

ers have only now agreed to help pay for.

The long debate over a defense contribu-tion in the island's parliaments, known as the States, highlighted the rather peculiar constitutional relationship that exists with the United Kingdom.

The British government had requested that the islands help pay for defense, stressing that it was only a request, but pointing out that the islanders benefited as much from the protection of the British nuclear umbrella as do the inhabitants of Swindon or Swansea.

It was the kind of invitation that the islands could not really refuse, and they agreed in principle to make a contribution. although some islanders pointed out that being defended by Britain did not stop them from being occupied by the Germans in

The only stumbling block was how the contribution was to be made, because a direct payment from the islands to Britain would smack too much of taxation without

Some formula had to be found of making a payment while emphasizing the islands independence, and lengthy discussions followed concerning the possibility of a "pay-ment in kind," ranging in Jersey's case from buying and manning a minesweeper to es-tablishing a search-and-rescue helicopter

breakwater in Alderney originally built for the Royal Navy in the 19th century, and which some people said should have been paid for by Guernsey in any case.

After several States debates, Jersey eventually decided on an initial cash payment of £800,000 (\$1.28 million) with a territorial army unit to follow, representing only a tiny fraction of what British residents pay per

head for defense. Although a basic principle was at stake, many islanders believed that the British government was only asking for a defense

contribution because they could see that the

Jersey's gift of £5 million to Britain after the

Falklands War, which hardly dented the

increasing prosperity, based mainly on the tremendous growth in the banking and fi-

nance industries.

billions of pounds.

The island could afford this because of its

Where Jersey and Guernsey were once

known merely as the home of famous breeds

of cattle, they now have a wide reputation as

one of the world's leading offshore finance

centers. They are home to some of the world's biggest banks, virtually all the top accountancy firms have offices in the is-

lands, there are probably more stockbrokers

per head than anywhere else in the world

and fund management groups look after

All of this has been achieved because of

stable government and low taxes, but any-

one unwise enough to call them tax havens

are quickly reminded by islanders that, un-

like the Caribbean or even the Isle of Man,

Jersey and Guernsey did not set out to keep

taxes artificially low so that nonresidents

islands were practically bursting at the altered, seams with money. This was underlined by

The i

The claim is that it was only because of prudent budgeting and being naturally careful with money (some might even say mean) that the islands have been able to provide an efficient administration and a wide range of government services on an income tax rate of only 20 percent, with no value added tax, capital gains or inheritance

Having said that, however, the business partly attracted by low taxation is now so important to the economy that it is incon-

The islanders also point out that, if tax

was the only consideration, individuals and

businesses could do better in the Caribbean

or in other true tax havens. But what helps

to distinguish the Channel Islands from

most other finance centers is their economic

This stability results from the islanders'

basic conservatism, although not in the po-

litical sense because there are no political

parties in the islands, except for one mem-

ber of Jersey's States who claims to be a

One overseas banker described the is-

landers as basically good, honest people, if

up their time for the good of the communi-

ty. In Jersey, there is even an unpaid, part-

political stability because most members

cannot afford to run for office until fairly

and political stability.

island's 12 parishes.

late in life and there are few young fire-brands pushing for radical changes. Despite the presence of a sophisticated finance industry, things tend to move at a fairly leisurely pace in these island communities. Directors and administrators of Jersey's 24,000 companies are still waiting for a new Company Law to replace one that dates

back mainly to 1861.

This delay is not through any lack of effort, but because of the lengthy discussions that have taken place with interested parties and the desire to provide sufficient controls over people involved in Jersey companies without stifling business.

The authorities have also been busy with a large number of other commercial laws in recent years, such as a Trusts Law, an Insurance Business Law that allows captive insurance companies to be set up, a Security Interests Law that widens the scope forlending and a Data Protection Law.

But the islands have not been slow to realize their potential as offshore finance centers, and finance is now the major contributor to the islands' economies.

A decade ago, the islands could have been more accurately described as tax havens, because they relied primarily on British residents and companies trying to avoid high taxation at home. Now they are much more international finance centers, no longer dependent on Britain but attracting business

from all over the world. Jersey's 54 banks have more than £25 billion in deposits, three-quarters of which is in foreign currencies, and Guernsey's banks hold over £9 billion in deposits. Also, of the 3,040 new companies registered in Jersey last year, two-thirds were owned by individuals and companies resident outside

Nevertheless, some Labor members of Parliament in Britain still complain about the tax revenue lost by the government through the use of the islands by British companies in particular. This campaign is

sometimes a little naive, who are governed being led by George Foulkes, who sents a mining constituency in Scotland.

If the Labor Party returns to power, he by unpaid politicians saintly enough to give and some of his colleagues have threatened to do away with the islands "tax privileges" time elected police force to assist the fullby altering their constitutional position and, time professionals and help administer the n particular, extending British Company Law to the islands. The unpaid legislature contributes to the

It is generally accepted that the House of Continued on page II

International Influx

Banks See Growth in Securitization

By Jane McLoughlin

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Disrupted Systrikes

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T. HELIER, Jersey - Richard Le Sauteur, president of the Jersey Bankers' Association, looks back and marvels that since the birth, 25 years ago, of "our financial-center baby," banking in Jersey has reached "a size at which it is seen as a fairy godmother by some, and a monster by others."

In 1973, there were 29 members of the Jersey Bankers' Association. They had a staff of 541 and contributed an average £2,216 (\$3,546) per employee to the States (government) of Jersey. Only four were foreign. Together, they held assets of £1 billion. Today, 58 banking institutions, including 27 foreign units, employ 3,650 people in banks and 2,200 in associated services. They pay an average £10,000 per employee to the States. Banking and financial services now employ 17 percent of the total Jersey work force of about 45,000 in a population of 80,000.

Banking has undergone several cycles of emphasis since Colin Powell, the economic adviser to the States and the man widely credited with engineering Jersey's banking boom, first arrived in the 1960s on an initial five-year assignment to manage the economy.

"Then, when the first merchant banks came in, it was on the backs of people coming out of the colonies with funds they wanted to put in a safe place," Mr. Powell said. "They wanted to move their money back to a British environment, but they wanted the tax advantages of an offshore center.

"There was a build-up of U.K., residents, too. using us for trusts within the exchange control area. So most of the banks coming in were from the U.K. The influx of the international banks started after the scheduled territories were redrawn in 1972, and people wanted to offer a service within the sterling area but not in the U.K. And then in the mid-70s, there was a burst of business on the international loan side, with the attraction of lending where margins were taxed at 20 percent, rather than 52 percent in the U.K. and similar rates else-

That loan business has become a less imporunt part of Jersey's banking business, with a consequent drop in total assets held to £25 million. But almost 90 percent of the business on international financial markets is now in securitized form, and though this has led to a decline in the demand for offshore centers to syndicate large loans, some Jersey bankers see securitization of debt as a future growth area

on the island. In the meantime, though, the main growth area has been in personal banking. Jersey now offers low tax (20 percent across-the-board income tax and corporation tax of £500 a year), political stability and a comprehensive range of fund management services to the high netor rand management services to the lagaractives work clientele the banking community culti-

Jersey banking is ultra-respectable now. The old offshore image of the island as a tax haven and a parking place for dubious money has been laid to rest. States' policy and the system of checks at 4 balances as the biggest and most reputable names in international banking watch each other in this small community for any infringement of Jersey's united image jus-

tify the claims of Robin Rumboll, of Coopers and Lybrand, an adviser to the States:

"We have avoided speculative and highprofile investment schemes, and have therefore Education. The States may also contribute to suffered no collapse of market. We now offer a the cost of residents' training abroad. But there high standing."

Brian West, assistant manager of Lloyds Bank in Jersey, said: "The clearing banks have responded to the changing demand and now provide the full range of products to meet the needs of an international clientele. This exists side by side with the traditional domestic banking services required by our residents and tourists. There is no shortage of new business and we can therefore afford to be selective

Banking has reached 'a size at which it is seen as a fairy godmother by some, and a monster by others.'

about what we accept. For instance, we are very conscious of the problem of 'hot' money. If we're uneasy about a large sum of money or can't take up references, we turn it away. And that route of greater selectivity may well be our response to the shortage of resources. The staff we recruit and train here are very highly skilled —indeed, 20 percent of all those who pass the Chartered Institute of Bankers Trustee Diplo-

ma are from Jersey." This reputation has been won in spite of the ease and the apparent lack of bureaucracy involved in setting up banking services in Jer-sey, particularly in trust administration and fund management, which are booming through the growth of private banking.

Deposit-taking bank services must provide accounts to the States, but that is the only aspect — and the extent — of licensing. The weeding out of dubious business ventures comes earlier, for the States has given banking room only to the more reputable international names. They preserve the integrity of the banking community by rathlessly screening poten-tial new business in Jersey under the Regulation of Undertakings Law.

"It amounts to a license for new business," Mr. Powell said. "If someone comes and wants to set up here, and we do not think them suitable, we use that law to prevent them getting in at all."

The Jersey Institute of Bankers, which has an educational function, puts 200 to 300 high school graduates through the advanced trust administration and fund management courses now offered at the Jersey College of Further mains a gap between supply and demand. and the banks are trying urgently to cooperate with the teachers both in supplying bank per-sonnel to teach and training teachers in the

For Jersey's technological revolution in banking could be a two-edged sword. While existing employees must learn to be more productive with the limited resources they have. there are already signs that costs in the City of London could become so high that international banks (particularly those with few existing European outlets) could center operations in the Channel Islands, with instant electronic links to the world's financial hubs.

Electronics make it possible to operate in London, Tokyo, New York and Frankfurt from the islands. The recent move by a Canadian bank, Dean Witter, out of London and into Guernsey is seen as the start of just such a

So it is success that raises the only faint clouds over Jersey's banking boom. There is no shortage of business, but the banks are beginning to be selective over the type of business they want. They are already moving away from low-profit, labor-intensive activities. But the Jersey banking community must also continue to expand within the bonds of its limited resources. There is an American market to be wooed away from Switzerland; the Far East,

too, offers opportunities for growth. Japan is a very important market, and I think Jersey banks will point more funds that way, though at the moment Luxembourg has the advantage of being co-members with Japan of the OECD," says David Humpleby, of Hill Samuel, merchant bankers, "But several Jersey banks now have links with Japanese finance houses, and I think others will also take on

Japanese parnerships." Banking in Jersey is going to have to get more out of existing resources," Mr. Powell said. "We have not closed our doors to new banks, but development must be in the whole island's best interests. It's a question of whether to use resources to expand existing activities or to introduce new ones. We feel that new business must offer something that provides a diversification on what already exists."

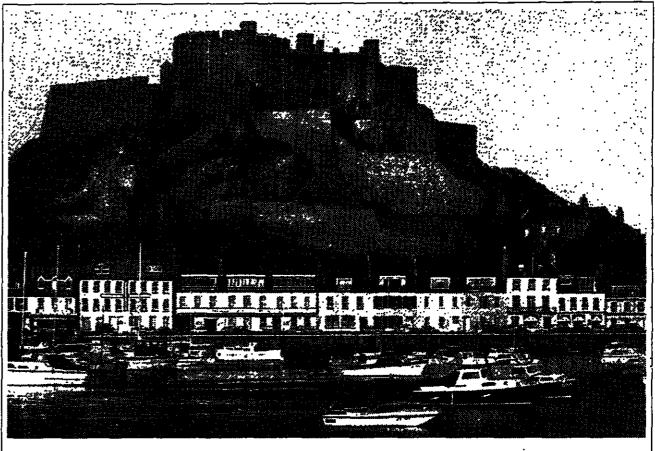
One such diversification is building societies (home finance institutions), and the Abbey National has been negotiating for one of the few ways of entering the Jersey market place

now — by acquisition.

"U.K. building societies can now tap overseas funds, and expatriates who have a tradi-tion of placing funds with them could want representation of their traditional function here, mainly in collecting deposits; so we will cover any such niches as they arise," Mr. Pow-

It is clear that among Jersey bankers, the customer is king. And as they can pick and choose their clients, only those with a king's ransom are going to qualify to be customers.

JANE MCLOUGHLIN, a journalist specializing in economics and industry, contributes to The Guardian and The Daily Telegraph.



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Without the tourist trade and the wide

range of sporting amenities, many of the

facilities that make the islands attractive as

By Willa Murray

T. PETER PORT. Guernscy — More than a mil-lion people visit the Chan-nel Islands every year to whom the financial activities of St. Helier and St. Peter Port mean nothing. They come for the sea, the scenery, the sport and the interest of exploring these fascinat-

ing outposts of the British Isles. Tourism remains a mainstay of the islands' economies, directly, by supporting hundreds of mainly family-run hotels and guest houses, and indirectly, by the money and employment it spreads throughout the whole community.

Without the tourist trade many of the facilities that make the islands attractive as financial centers would not exist - the yearround daily air links with the British mainland and France, the four-star hotels and gastronomic restaurants, the wide range of sporting amenities and cheap car rental (as little as £4 to £5 [\$6.40 to

\$8] a day in Guernsey).

Annual visitor spending in Jersey is estimated at around £200 million and in Guernsey at £65 million, with tourism accounting for 37 percent of Jersey's gross national product and 24 percent of

In the smaller islands of Alderney and Sark, tourist trade is the

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CANADA

main economic support apart low-cost package holidays to from the revenue generated by Mediterranean and North African well-to-do settlers.

financial centers would not exist.

Before the emergence of the offshore finance industry, selling vacations was far and away Jersey's biggest business. In Guernsey, it tended to take second place to horticulture, but with the decline of the tomato trade as the European Community opened up the British market to Dutch competition, tourism has moved well ahead of horticulture as an export

Up to the 1970s, the Channel Islands were able to count on a loyal holiday market in Britain, where they had the image of being sunnier and more exotic than home resorts and something of a duty-free paradise.

Since then, they have had to face growing competition from

esorts. The trend is for the Channel Islands to become increasingly a second-holiday and short-stay destination for the British.

The islands have responded by looking to the Continent for more of their trade. Jersey has its own tourist office in Paris, as well as in London, and Guernsey has made a particularly strong drive in the Netherlands.

the islands now have direct flights in the tourist season from Amster-dam. Düsseldorf, Frankfurt, Geneva and Zurich. Car-ferry services operate from St. Malo to Jersey and Guernsey, and from Cherbourg to Guernsey, while hydrofoils and other passenger ferries link them with the Normandy and Brittany coasts.

Today, Jersey draws about 20 percent of its visitors from non-British markets, and Guernsey about 15 percent. But the islands' tourism prosperity remains over-whelmingly tied to the British market, where they still have a strong appeal as no-passport holi-day destinations that combine a whiff of France and low-duty, VAT-free prices with a reassuringly familiar English environment.

After a disappointing early sea-son last year, the Jersey Hotel and Guest House Association commissioned a £25,000 survey of the industry from accountants Deloitte Haskins & Sells. Although critical in many respects of the island's marketing efforts, the report was optimistic about the holiday product itself, which it saw as placed to meet the potential demand in the European travel mar-

Due shortly is another report, commissioned this time at a cost of £50,000 from consultants Pannell Kerr Forster Associates by Jersey's Tourism Committee. This will set out a five-year plan for developing the island's tourist

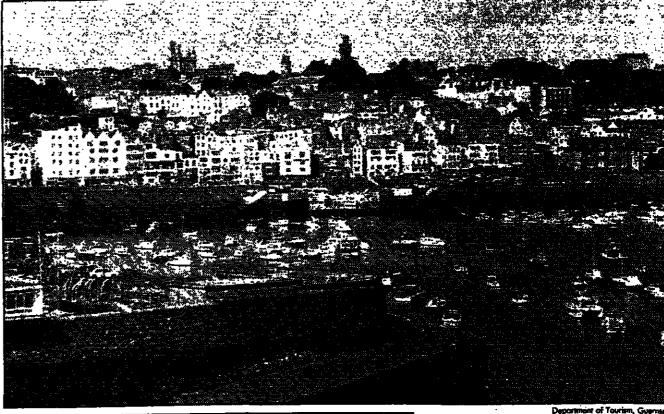
Despite their fine beaches and spectacular coastal scenery, the islands accept that they can no longer rely just on their natural beauty to draw tourists. They are more actively promoting attractions such as Jersey's internationally famous zoo and Victor Hugo's bicarre home of exile in Guernsey.

They are also making more of their surprisingly rich historical heritage, which stretches from Neolithic sites and evidence of Roman occupation to medieval castles, Napoleonic forts and owers, and the massive fortifications left by the Nazi invaders.

Many more special events are being organized to supplement traditional spectacles like the Battle of Flowers. Jersey stages a spring festival, a good food festival, a France-Jersey festival and a floral week, while Guernsey competes with dance festivals, a powerboat week, a chess festival and, for the first time this September, a two-week "arts and fun" festival.

With the opening this year of a new 820-berth marina, Guernsey is making a special effort to exploit its natural asset — the sea. The island will be the main sponsor of the 1988 International Boat Show in London and is to host the World Class I and II powerboat championships.

WILLA MURRAY is a journalist



Three faces of the Channel Islands that predate the banks and stockbrokers: St. Peter Port, above, the chief town of Guernsey; a Jersey beach with its martello tower, and chrysanthemums ready for export.



Political Stability Is Key Link to Financial Future

Continued from page I

Commons does have the reserve powers to legislate for the islands in the interests of good government, but by convention built up over centuries, it has not done so.

The islanders also believe that it is inconceivable that the British Parliament, in which they are not represented, would seek to alter their constitutional position against

With democratically elected

parliaments, the islands also clearly have the option of breaking away from Britain altogether if they wanted. They have already looked at the possibility of severing the monetary union that exists between them and Britain, just in case a future British government decided to reimpose exchange

Up to this year, any exchange controls would have been automatically extended to the islands under British law, but one of the last acts of the Conservative administration before the June 11 election was to repeal this law, and even the Labor Party has said it would not want to use exchange

Another argument against in-

terference from Britain is the sig-nificant contribution the islands' finance sector makes to the British balance of payments position and the level of foreign earnings. Several years ago, it was estimated by William Clarke, then the directorgeneral of the British Invisible Exports Council, that Jersey alone contributed more than £100 million to the balance of payments,

and this figure will have increased considerably since then.

So far, the islands have been able to avoid any major financial scandals and have increased their reputation. As Colin Powell, the economic adviser to the States of Jersey, says, there are many reasons for Jersey's continue strength as a finance center, in-

MIM BRITANNIA

professional services. "But a key factor in recent years has been the reputation of the islands as a center that offers high service standards," he said.

"The islands have avoided the adverse publicity attaching to many other offshore centers, due in large part to the policy pursued of only approving new banks, trust companies, offshore funds, etc., related to first-class names of international renown."

But there is always the possibility that the all-important reputation of the islands will be tarwhere banking secrecy and the use

tant, the system is vulnerable to abuse by criminal elements.

cluding stability, good communi-cations, proximity to the City of London and a high standard of The laundering of the profits of drug dealers is a distinct possibility, but no evidence has been produced that this goes on to any extent. A House of Commons committee that visited the islands last year said it was satisfied that the authorities and the finance industry were as keen as anyone to. avoid handling dirty money.

Both Jersey and Guernsey are introducing legislation to allow the confiscation of the assets of: drug dealers and provide for more disclosure of information from financial institutions where the han-

Similarly, the authorities are planning legislation to ensure that lersey and Guernsey companies are not used by insider traders in Britain or elsewhere to hide their illegal profits in share dealing. The new law will enable inspectors to he called in to investigate local companies where there are complaints of insider dealing. But the use of any information will be strictly limited, because the authorities are anxious not to destroy the islands' reputation for

....

confidentiality. An even more significant threat to the continuing prosperity of the Channel Islands is the need to curb immigration and restrict growth in order to protect the environment and way of life. Efforts are being made to dampen down an overheated economy by restricting the creation of jobs. which is seen to be the key to

limiting the influx of people. Many of the people coming in are considered essential to service the increasingly complex and sophisticated finance industry.

The finance committees of both Jersey and Guernsey believe that there is still plenty of scope for growth through increased comp crization, the more efficient use of resources, particularly manpov and an emphasis on only the most profitable business

Guernsey's Advisory and Fi-nance Committee recently warned that there were some institutions on the island employing staff and other resources "without bringing commensurate benefit to the is-

land." "It would be ironic if manage ments in the finance sector were to turn away repeatedly business which was both sound and profitable, for lack of resources, with commensurate loss to the island's revenue, when valuable resources are being taken up by those who use the island for their convenience while providing little or no return," the report said

Jersey's finance president, Senator Reg Jenne, has gone to great lengths to assure businesses that despite immigration problems, the door, is not closed completely and that new businesses and people will be allowed in if they are shown to be of sufficient benefit to the island as a whole.

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Prudence Guides Bulging Treasury as Bank Sector Fuels Economy

By Peter Body

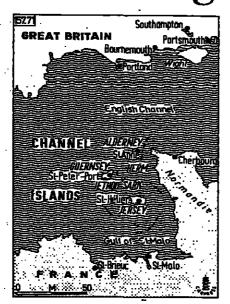
T. HELIER, Jersey - For many years now, the president of Jersey's Finance and Economics Committee has had a problem at budget time unlike any facing other finance ministers.

His problem has not been primarily trying to aise additional money in order to balance the budget; it has been to try to curb public spending when the budget figures continually show huge surphises. It has not been easy to persuade government departments and public em-ployees to reduce their demands on the exchequer when there is so much money readily available.

The fact that he does try to force restraint and caution on the island at a time of prosperity, shows the prudent way in which the financial section of the product way in which the financial section of the product way in which the financial section of the product way in which the financial way in which the product way in which way i cial affairs of Jersey and Guernsey have been handled in recent years.

The warning constantly given by finance presidents is that they have to resist spending too much so that there is enough money to put away for a rainy day when the economy might not be so buoyant. They are well aware that the

major sectors of the economy, such as banking and finance, are vulnerable to outside factors. So far, there is no sign of any downturn, and no place has gained more from the worldwide



expansion in service industries, particularly financial services, than the Channel Islands. Had their economy been based on manufac-

turing to any great extent, they would have

Kingdom and most of Europe.

But manufacturing accounts for only a small percentage of gross national product, while services, particularly banking and finance, are the mainstays of the economy.

Whereas other economies with a large manu-

facturing base have been suffering unemployment of 10 percent or more, Jersey's unem-ployment is negligible, and it is estimated that there are only about 50 long-term unemployed in Guernsey out of a working population of

The population is also generally better off than its neighbors, and the latest available figures show Jersey's per capita GNP in 1985 to be about £7,000 (\$11,200) compared to the

Finance has now overtaken tourism as the most important contributor to GNP, accounting for nearly 40 percent in Jersey and 35 percent in Guernsey, with tourism contributing 37 percent in Jersey and 25 percent in

The exchequers have also benefited greatly from the increasing profitability of financial services. Pretax profits of the banks in Jersey in 1985 amounted to £88 million, or £1,100 per head of population, and £49,000 per employee. If the other areas of finance, such as trust and fund management companies, are included, the profit figure was about £120 million.

Guernsey's banks are similarly profitable, and produced pretax profits last year of £47 million, or about £800 per capita.

As Guernsey's most recent Economic Report says: "The world boom in financial services has meant that finance sector profits have been the major contributor to increased GNP. Finance sector profits in 1986 are likely, other things being equal, to yield in excess of £19 million in tax revenues to the States of Guern-

sey (about one fifth of the total)." Although the finance industry is generally blamed for causing excessive immigration, its profitability is also growing faster than the number of people employed in it. In Jersey's case, the number of people employed in the banking industry in 1985 was 9 percent up on the previous year, but profit per employee increased by 17 percent.

The additional tax revenue produced has

enabled both Jersey and Guernsey to finance major capital projects, considering the total population is only 140,000 and the level of vernment services are generally as good if not better than most countries in Europe.

Despite the calls for restraint, the budget approved for this year in Jersey includes revenue spending of £172 million, up £10 million on last year's estimates, with the biggest spend-ing committees being Public Health and Edu-

In addition, a further £28.4 million has been

approved for capital projects, including £9 million toward buying land and building houses, which is considered a priority.

Jersey is also in the process of reclaiming land in order to build a new harbor costing £15 million, and £12 million has just been spent on the island's most complex building, an extension to the general hospital.

Even more could be spent, of course, but there is a marked reluctance to spend more money rather than build up reserves. Thus, Jersey's social security plan, while providing benefits in excess of most of those in the United Kingdom, is strictly a "pay as you go" plan where contributions match benefits and there is only a small amount of topping up

Government departments in Jersey such as the post office, telecommunications and the harbors and airport, are also treated as trading concerns and are given profit targets to meet. Up until recently, they had to pay a commercial rate for borrowing money from the exche-

Even though States' spending increased by four times the rate of inflation in Jersey last year, revenue has also been buoyant thanks to

the finance industry.

Last year's tax yield will probably increase
by 12 percent, and even though record spending is planned, the current president of finance, nator Reg Jeune, was able to increase tax allowances by more than inflation so that a couple with two children and a total income of £10,000 pay only £360 in income tax in Jersey

compared to £1,100 in the United Kingdom. Even then Senator Jeune was able to put an extra £10 million into a new strategic reserve.

and available reserves now total £54 million, which is still too low, he says. Although Guernsey is less prosperous than Jersey, and the finance industry not as large, a similar buoyant picture was painted in their recent budget when the surplus was twice what

This prosperity is shared by industries linked to the finance sector, and the construc-tion industry in particular has been described as the barometer of the economy.

Large areas of both St. Helier in Jersey and Peter Port in Guernsey now resemble parts of the City of London, instead of very small provincial towns, as banks and other financial institutions build new headquarters. Chase Bank in Jersey, for example, has just moved into new offices at a cost of £10 million, and demand for new office accommodation is being reflected in rentals, which almost doubled

This growth is unlikely to continue as attempts are made to dampen the economy and curb job creation, but there are no signs that the Channel Islands bubble is about to burst.

Breadth of Financial Services Is Growing

T. HELIER, Jersey — More offshore funds are run from the Channel Islands than anywhere else in the world, which is a good indication of the tremendous growth in the islands' financial services in

recent years. Fund management groups, such as Fidelity, MIM Britannia, Save and Prosper, Warburgs and Hambros, manage more than £3.5 billion (\$5.6 billion) of investors' money in Jersey, and the Guern-sey figure, which is unknown, is thought to be well in excess of £1

Fund management is only one important part of increasingly wide financial services offered to individual and institutional investors virtually anywhere in the world, and between the two is-lands, they probably provide the widest range of any offshore finance center in the world.

This has happened only in the past 25 years, when London merchant banks started to establish offices in the islands to service mainly British clients after the repeal of an ancient usury law that had restricted interest rates to a maximum of 5 percent.

liture

The first to arrive in Jersey was Hill Samuel, which was followed closely by Kleinwort Benson and then the first foreign institution, Royal Trust of Canada.

As the president of Guernsey's advisory and finance committee, Conseiller Roydon Falla — who is the equivalent of minister of finance — noted recently: "The number of politically stable offshore centers, with good communications and a sound infrastructure, has been steadily

In contrast, Jersey's economic adviser, Colin Powell, said that the reputation of the islands has been enhanced in recent years.

"Where Jersey has advanced most particularly in its standing as a finance center has been through its growing international reputa-

Although Guernsey was a little later on the scene and picked up several institutions that could not get into Jersey, it is now in a similar position.

The services they offer have de-veloped from simple bank deposit accounts in sterling to a comprehensive range of savings and investment accounts in virtually all major currencies.

Because of staffing problems, bankers have had to tailor their services to their staff numbers and not the other way around. Kleinwort Benson in Jersey, for exam-ple, has dropped several less prof-itable retail banking services, such as the issue of travelers checks, and the minimum deposit size has been raised from £1,000 to £5,000.

But there is plenty of this business available, according to the general manager, Richard Le Sauteur, who is also president of the 54-member Jersey Bankers' Asso-

"The impression going around is that Jersey is full, but we are never full, and there is still room for growth, although there has been a shift of emphasis," he said.

Robert Lindell, managing direc-tor of Chase Bank and Trust Company (CI) Ltd., said that they have drawn up plans for well into the 1990s, which show continuing

A worldwide decline in syndicated loan business has affected Jersey, but as a substitute, the island has been used for a few Eurobond issues.

A particular growth area, however, is private banking for what is prosaically called, "high net worth individuals." Most major banks in the islands, such as Citibank, Chase, the Hongkong Bank, Bank-ers Trust and Manufacturers Hanover, now offer private banking

As an indication of the growth in asset protection, the HongKong Bank recently established an international trustee group and chose Jersey as the financial control center for this global service. Its Jersey trustee company is second only to the one in Hong Kong in

Trusts and trustee services have always been an important feature of the islands' finance sector. There has been increased



Richard Le Sauteur.

growth in this area following the introduction of a trusts law in Jersey in 1984. Guernsey does not yet have a law on trusts.

Jersey trust companies are so profitable that a number of outside financial institutions, such as the Hong Kong group, Jardine Matheson, have recently been buying into local companies and paying up to 10 times annual earn-

Stockbrokers, such as James Capel, Hoare Govett, Sheppards and Buckmaster and Moore, which all have offices in the islands, have widened their horizons following "Big Bang" in the City of London, and James Capel (Jersev) Ltd., has recently announced that it was opening offices in Monaco and Gibraltar to service foreign residents. But because of immigration restrictions, brokers are what business they do in the is-

For example, the Holborn Cur-

The islands were the first to develop 'roll up' currency funds that converted highly taxed income into lower taxed capital gains.

rency Fund, set up by the Prudential group to offer investment op-portunities in leading currencies, is based in Bermuda but managed

in Guernsey. Nearly all of the 30 or so offshore funds investing in U.K. government securities are based in the Channel Islands, with the biggest MIM Britannia's Jersey Gilt Fund, having more than £200 million under management.

The islands were also the first to develop "roll up" currency funds that effectively converted highly taxed income into lower taxed capital gains. These were so successful and popular with U.K. residents that the Inland Revenue stepped in and reduced their tax benefits for U.K. investors.

But this did not mark the end of the roll up investors, as some people had predicted, and overseas investors, particularly expatriates, concerned about currency fluctua- pervised. tions or wanting to take advantage of currency movements, have put millions of pounds into these The latest development is the umbrella fund, which was

launched by Gartmore Fund singly selective about er groups. With a single investnient switching between various tection standards. sub-funds concentrating on differ-

ent investment markets. Gartmore's Capital Strategy Fund, as it is called, offers 21 types of investment and has attracted more than \$500 millión.

Another interesting development is the choice of Jersey as the headquarters for development capital specialists Berkeley Tech-nology LTd., which recently changed its name to Berkeley Govett after acquiring the U.K. investment group. It has used the island to launch several funds investing in U.K. emerging technology companies, including the first joint venture of its type with a large U.K. life insurance group.

Jersey and Guernsey funds are not restricted in their investments in the same way that U.K. authorized unit trusts are. However, according to Jersey's commercial relations officer, this does not mean that they are any less strictly su-

Jersey and Guernsey are now working on new legislation to protect investors in island-based funds, or any fund with island

This legislation is particularly necessary because of Britain's new Managers in Jersey in 1985 and Financial Services Act, which will since then has been copied by oth- restrict the marketing of collective ment, it allows cheap and conve- those that meet strict investor pro-

The Channel Islands hope that

their laws will provide enough protection to satisfy U.K. authorities so that their funds can continue to be marketed in Britain.

They are also considering what to do when new standards are anplied to collective investment plans in Europe.

"Jersey's regulatory objectives are and must often remain wider than those of larger countries," Mr. Syvret wrote recently in the Finance in Jersey publication.

The draft Collective Investment Schemes Law, which will shortly go to the Assembly of the States, Jersey's parliament, will prohibit any Jersey-based individual or institution from acting as a functionary of any investment plan wherever it is situated, unless it has permission from the island au-

In the case of a unit trust, both the manager and the trustee would be separate functionaries.

A similar law is planned for Guernsey, which has gone further by establishing a separate Finan-cial Services Commission to supervise collective investment

Peter Body



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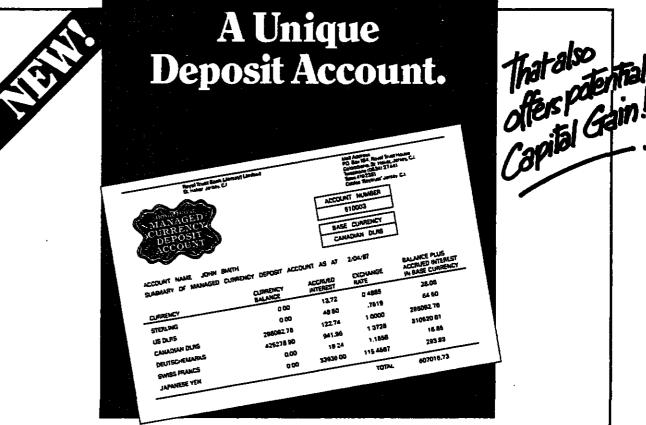
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By Jane McLoughlin

T. HELIER, Jersey — Although Jersey and Guernsey are competitive in many of the financial services they offer, there is no contest in the insurance business. In now it permits only those within

tor generating about £200 million (\$320 million) in annual premiums; in Jersey, it is embryonic and thought unlikely to develop.

It was not until 1983 that Jersey even allowed the incorporation of insurance companies, and even

third party reinsurance. The concession was not aimed at tapping a new source of business but to enable the international financial groups on the island to offer a

complete range of services. On Guernsey, though, insurance has been an important sector

the captive business or involved in since the early 1970s, and particularly in the last 10 years with the dustry. This has pushed Guernsey into the position of the world's third largest offshore insurance center, after Bermuda and the Cavman Islands.

Risk managers selecting a base for captive insurance operations were attracted to Guernsey because it is in the same time zone as London, where the world insurance business centers around Lloyd's of London. And the island offered the advantage of a quick set-up time. A recent newcomer to Jersey from the United States says that setting up an operation in London would take at least one year, but that they were in business within six weeks in Guernsey.

But tax advantages must still have played the greatest part in Guernsey's boom in captive insurance. This is the name given to insurance companies set up offshore by large industrial and commercial companies, primarily to insure the risks of the parent

In Guernsey, if an insurance company is a wholly owned subsidiary of another company and insures only the risks of its parent or other wholly owned subsidiarer the insurance activities of a mu-tual nature and, thus, not taxable.

Risk managers were attracted to Guernsey because it is in the same time zone as Lloyd's in London.

Even when such a company does obliged to register under the new do third party insurance business as well, the underwriting profits of the two functions are split for tax purposes and the profits from mutual trading not subjected to tax.

The absence of value added tax can also keep down the normal costs in settling claims. Exact figures on the numbers

involved in Guernsey's captive insurance operations are not expected before the end of this year. when the regulatory effects of the 1986 Insurance Business Act will provide fuller information than companies have previously had to provide. Guernsey has had little formal infrastructure in regulating the insurance industry, and the figure of 170 companies is a best guess. But from Jan. 1 this year,

Late last year, the island states appointed their first supervisor of insurance business to be responsible for administering the new law. As well as registration, this requires companies to meet new reg-ulations over the licensing of companies, capitalization, solvency, approval of officers and managers and inspection of accounts.

panies must maintain a solvency margin of 18 percent for the first £5 million of premium income, and 75 percent must be invested in approved assets. These include eqities and Eurobonds as well as bank deposit funds.

From now on, insurance com-

These regulations will make statutory a system of checks and balances that Guernsey's insurrecognition that its business reputation depends on integrity. But recently, several prestigious captive operations have set up in the Isle of Man rather than Guernsey.

This reflects concern over a possible weakness among Guernsey's strengths in expertise and highgrade professional back-up from advocates, accountants and bankers. The question mark is over the availability of skilled, trained

Many captive insurance companies can operate on a handful of staff, but the large projects like some of those moving to the Isle of Man — which include British Gas, Wimpey and Jaguar — may need 10 times the numbers. With a continuing policy to limit immigration — although this is not as onerous as in Jersey — and pressure on manpower available from a growing banking and trust sector, there is a fear that too much essure could be put on the is-

land's finite resources. Guernsey's risk managers and insurance brokers are aware that they have to allay fears that the island has reached saturation point in order to attract continued growth in the captive market. Such companies will continue to seek a center like Guernsey where the jurisdiction does not force them to comply with all the requirements

tarily, with few obvious abuses, in of insurance law designed to protect members of the public.

The lower costs involved (through savings on tax) are also attractive while terrorism and world political instability push insurance rates higher and higher in some classes.

And the business keeps coming. Sabre International, backed by Middle East and U.S. interests, has recently set up in Guernsey with fully paid up capital of \$10 million. It will concentrate on underwriting aviation business worldwide and will be managed by Transglobe Underwriting Management. The latter already manages Polygon Insurance, whose principal shareholders are the Scandinavian Airlines System, Swissair and KLM. This was originally a captive but now draws 90 percent of its net premium income

from third party underwriting. If Guernsey has been helped in its development as a center for captive insurance because Jersey never entered the race, then it will not suffer now from an increase in competition. Jersey's successful financial center is equally under pressure from lack of resources of trained technical staff. While making the most of existing business is productivity and cope with growth. Guernsey has the insur-

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Tax Haven: Fighting an Unwanted Label

By Edward Owen

T. PETER PORT, Guernsey — Official spokesmen in Jersey and Guernsey insist that the islands should not be called tax havens because they have never manipulated fiscal policy to entice offshore business. Their low-tax economies, they say, have evolved naturally to serve the needs of small — and originally simple —

If the islands have been sought out as refuges for the wealthy and as financial centers, it is argued, this has been due to the tax burdens imposed elsewhere, not to anything done locally, where income tax has been unaltered at 20 percent in Jersey since 1940 and in Guernsey since 1960.

Largely, this claim stands up, even if Guernsey's decision 27 years, ago to drop its standard income tax rate from 5 shillings and 2 pence to Jersey's level of 4 shil-

lings to attract more retired Brit- 1974. The increase brought dire ons might be seen as a move to become a tax haven.

Recently, too, Guernsey has started giving tax-exempt status to locally managed offshore funds, and in both islands the tax laws have clearly been interpreted in a way very helpful to offshore finan-

Historically, however, the Channel Islands' emergence as financial centers owed much more to Jersey's abolition in 1962 of a usury law restricting interest rates to 5 percent than to any fiscal contrivance.

The islands' tax structure is uncomplicated. Income tax is charged at 20 percent both on corporations and individuals, regardless of the level of earnings, and there are no capital taxes, death duties or other levies.

Companies can apply to be treated either as controlled within Jersey, Guernsey or Alderney (Sark is a separate entity) with liability to local income tax, or as nonresident, paying only a £500 \$800) annual fee known as corpo-

The tax was raised to £500 this have urged the authorities to end year after standing at £300 since this by giving nonresident compa-

warnings of corporate business migrating to cheaper jurisdictions, such as Panama, but so far this does not seem to have happened. The decision to raise corporation tax was taken in consultation with the Isle of Man, though that rival offshore center has undercut the Channel Islands by £50.

The feudal isle of Sark, which has no income tax and no company registration, nevertheless, features largely in the Channel Islands' finance business because of the corporation-tax system. To claim nonresidency, companies must have a majority of nonlocal directors and hold board meetings

outside the fiscal area. Sark has proved an ideally convenient location for this purpose, and quite a few of its 520 inhabitants make comfortable incomes by acting as directors and signing papers for visiting bankers, law-

yers and accountants. Many financiers in Jersey and Guernsey are worried about the bad international publicity caused by this so-called "Sark Lark" and

Two hallowed principles govern Channel Islands budgetary policy: not to raise income tax and not to run into national debt.

Virtually the only negotiable factor is the rate of indirect taxation - the duties of impôts levied on liquor, tobacco and fuel, which the islands have managed to keep well below the U.K. level.

Reflecting its prosperity, Jersey has been generous with income tax allowances and islanders do better in this respect than their U.K.

A married couple with two children can earn up to £8,800 without paying tax. Guernsey, whose tax rates also apply to Alderney, decided it could not afford to improve allowances in 1984, but was able to do so in the past two years to bring the tax exemption level for a couple with two children to £8,200.

The buoyant tax revenues generated by the finance boom -which the islands have repeatedly underestimated .- have allowed Jersey to build up a strategic re-

nies straightforward tax-exempt of £20 million, bringing total reserves to £72 million.

Guernsey has recently added £5 million to a contingency fund started last year with £2.5 million. The aim of both islands is to have "rainy day" reserves amounting to 50 percent of gross revenue expen-

Public projects, such as a cur-rent £16 million land reclamation project in Guernsey or harbor extensions costing £15 million in Jersey, are normally financed out of accumulated funds.

Guernsey's Post Office, Tele-communications Board and Electricity Board are run virtually as trading corporations.

The prudent Channel Islands, which see budgeting for a surplus as a safeguard of independence. seldom have recourse to the commercial money market. One of the occasions is likely to be for a projected electricity cable link between Guernsey and France, where the Electricity Board plans. to seek a syndicated loan of up to £26 million from local banks.

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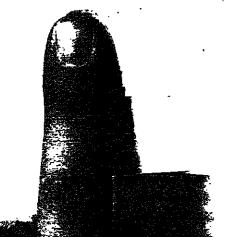
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By Jane McLoughlin

etition

T. HELJER, Jersey — Jersey has no capital gains tax, no wealth tax, no capital transfer tax and demands no stamp duty on the creation of a trust, which can help the wealthy who are subject to some or all of them in their own countries to mitigate their liability.
In the United Kingdom, the Channel Islands

have long been seen as tax havens both before and after death. This is why, before the doors were virtually closed on immigration, a number of wealthy Britons went to live in Jersey. But more recently with new residents restricted to five members of the "million minimum cinb" a year, Jersey has developed a booming business in helping nonresidents protect their assets against tax through Jersey trusts.

As long as one of the minimum two trustees is resident in Jersey, and both the settlor and the beneficiaries of the trust are not, such trusts effectively avoid any tax at all.

At the same time, the trust offers anonymity, useful where declaration of wealth by settlor or beneficiary is required under exchange control regulations (the trust document does not have to be stamped or registered, and the identity of neither settlor nor beneficiary is made public.) But most important of all to the high network clientele that Jersey attracts, the settlor can, through a letter of wishes, effectively retain control over the administration of his assets.

Jersey has thus developed a concept of trusts that has introduced the idea to Europeans who, unlike the British, had traditionally made little use of them. The advantage of having assets located in a Jersey trust is that it is not subject to the laws of the country where the settler lives. This is not just in terms of death duties. Some countries, such as Spain, have strict rules on how money should pass to people within families, regardless of the wishes of the deceased. With a trust in Jersey, there is no need for probate; the trust simply continues as be-

In 1984, Jersey introduced its first Trust Law, in order to cover the requirements of the British Financial Services Act of 1986 and the European Community's Fifth Directive on Undertakings for Collective Investment in Transferable Securities. This makes statutory standards of administration, which the Jersey Assembly of the States' careful screening of practitioners already met. However, the aim was perhaps more to deal with the "retail" side of trust administration, unit trust and fund

Since Jersey trusts have developed into a convenient way of controlling assets through trustees, there has been a considerable increase in the fund management business. Such a clientele is usually wealthy, for with assets of less

· · 🛼

than £100,000 (\$160,000), the annual fees of about 10 percent invalidate the tax advantages. But the anticipated growth in this aspect of fund management depends entirely on Jersey satisfying the legal requirements for designated territory status so that its unit trust funds are

marketable in Britain and the EC. So far, Jersey has been able to market unit trust funds in Britain by circumventing the regulations in the form of open-ended trust companies, which could have the prospectuses and shares that made them marketable in Brit-ain. But this method of marketing offshore funded companies will be stopped later this year, and Jersey's continuing business depends on being accepted under the new rules. This sector has grown fast through Jersey's

flexible response to the changing demands of

and thus avoid being locked into a particular

Clearly, in such a climate maximizing the potential of unit trusts depends on new technology. Stockbrokers, many of them branch offices of the famous London names, have moved to Jersey with the advantages of a link with the stock exchange electronic market-place; the merchant banks, and the big international names in unit trusts on Jersey have the latest research information and market movements from overseas headquarters on the wire. The fund management sector depends on ever more sophisticated computer systems and this leads to the universal outcry in Jersey: trained

Indeed, staffing limitations on the island are already creating Big Bang scale pressure on

Jersey has developed a concept of trusts that has introduced the idea to Europeans, who had traditionally made little use of them.

its clientele over the last 10 years, including quite modest individual investors hoping to maximize their capital, as well as the multimillion portfolios. Jersey company law — or lack of it — allowed the development of investment vehicles that could not have been considered onshore under U.K. law. The unit trust sector, for instance, has made much of the running in the creation of new financial prod-

Most recent developments have been the multiclass and umbrella funds. Originally, investors put their money in funds designated in any one of 20 or more different market sectors bonds, international fixed interest securities. British government stocks and currency funds — and the funds were managed specifi-cally in these sectors. The multiclass system makes it possible to switch between sectors say from fixed interest to equity — without the transfer paperwork that had previously justi-

fied a 5 percent charge for each shift. There is also the tax aspect that switches between funds or companies is liable to capital gains tax in the United Kingdom, but, from paper to paper, it is a conversion within the same fund, so not chargeable. Similarly, the umbrella fund concept enables the investor to switch between sub-funds under the umbrella salaries and executive searches. The logical progression is probably rationalization of existing services, so stockbrokers, for instance, may eventually extend their financial scope into trustee and fund management services.

Movement toward integration of existing finite resources is dedicated to growth. Growth and survival are the same thing to Jersey unit trust managers. In the near future, they will surely have to offer a round-the-clock service to investors, for instance. They will have to do this through increased productivity from exist-ing staffing levels. But Jersey's reputation in fund management is based on skill in the art of the possible. "The concept of trusts developed in Jersey is

very different from more hidebound financial centers," says Ivor Mills of Royal Trust. "This because the settlor can still influence the trustees in action they may pursue. While he is legally dissociated from his money, in reality there is a wide interpretation on the realms of proper trusteeship. Our offshore trust market is quite deep and growing, and tends to look for answers to problems in protecting capital. This is clearly tax mitigation, not avoidance. Our industry in Jersey must depend on the

Corporation Taxes

'Sark Lark' Blurs Financial Image

T. HELIER, Jersey — Jersey owes much of its current (and potential) success in competing for the wealthy world's financial business to its clean image. Where scandals have rocked other financial centers --- and may even have brushed against Jersey banks by association — they have been scrubbed clean by the policy of the States (governing body) and the private

On this basis, there is a considagainst what many believe damages the purity of Jersey's financial sector image: concern about the system of corporation tax companies concentrated on the so-

called "Sark Lark." There are some 9,000 corporation tax companies operating from Jersey. They are companies registered there, involving initial incorporation fees of perhaps £900 (\$1,440), but they do not trade there. As long as a company is set up and controlled by people outside Jersey, it is not subject to Jersey (or any other) income tax, only to an annual £500 corpora-

tion tax. One of the conditions in operating such a company is that direc-tors are nonresident in Jersey and board meetings are held outside the island. Hence the Sark Lark. Over the years, the custom has grown of recruiting among the 520 residents of the conveniently close but fiscally independent island of Sark for nominal directors of these Jersey-registered corporation tax companies. The earnings of Sark fishermen, hotelkeepers and housewives can be boosted by several thousand pounds a year, with no more onerous duties than signing their name to a few papers and playing hosts at the annual brief token visit of outsiders for the board meeting.

The Sark Lark does not necessarily imply any kind of malprac-tice. If the board meetings were not held in Sark, it would be some where else outside Jersey. It is rather a question of retaining what is ultimately a bit of a sham when Jersey has otherwise left far behind the old association with the tax-haven image. But a 200-page discussion draft of a proposed new company law to be enacted later this year does include a question mark over the future of the Sark

There have been proposals beore to reform the tax system as it ipplies to corporation tax compaues. But these companies provide ersey with considerable revenue rom registration fees and the aninal corporation iax, which was ncreased this year from £300 to

The States' economic adviser, ohn Powell, writes in his annual inancial report on the economy hat "adjusting the present rate of ix, fixed in 1974, for inflation, 'ould suggest a tax of £1,060." It onable, but the feeling in Jersey is cerning the form and contents of

STAN CONTINUES

companies to register instead in Liberia or Panama, with consequent loss of revenue to the Jersey

One way out that has some support locally is for all foreignowned companies, including those registered and controlled in Jersey, to be exempted from Jersey's 20 percent income tax. This would end the Sark Lark, since the corporation tax companies could then hold their board meetings in Jersey, which would boost profits for the island's hoteliers, shops and restaurants.

siderable loss of income tax revenue from the resident Jersey companies that could claim exemption. There are many reasons for incorporating a company in Jersey, even if it is not a corporation tax company, including the speed with which the process can be accomplished, usually within five working days. And income tax revenue lost by exempting resident Jersey companies would have to come from somewhere, inevitably increasing the pressure on Jersey residents already hard pressed to fulfill the growing demands of an expanding financial sector, new technology

and training. Bob Gaiger, Jersey's comptroller of income tax, has said publicly that he does not believe corporation tax companies should be able to have tax-free status and enjoy all the benefits of tax-paying com-panies. But he argued recently that the Sark Lark is a product of the private sector and that the private sector should perhaps put its own house in order and not look to the States for a solution.

The discussion document issued by the States in August last year and sent out to interested parties for comment before the new Company Law is finally drafted does invite consideration of measures covering corporation tax compa-nies. At present, though all com-panies have to file annual returns to the Registrar, their accounts do not have to be audited and there is no statutory machinery for these to be filed on any public record.

The discussion document is not very specific at this stage. If the law is enacted, it would mean that the Jersey Court would be given the power to disquality "unfit" di-rectors of companies. The States would have power to make regulations concerning transactions between companies and their directors and disclosure of their transactions to other directors and shareholders where necessary. These measures could perhaps provide closer scrutiny of corpora-

tion tax companies. Comment is also invited on various areas where the States could enact subordinate legislation to regulate the public accountability of companies — for instance, con-

accounts and the qualifications of be when and if the States should or nditors.

company law, when it is finalized, will leave open the question of the Sark Lark. The question then will

would enact "subordinate legislation" regulating corporation tax companies that might end the Sark

Jane McLoughlin

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Light Industry a Base for Exports

By Willa Murray

T. PETER PORT, Guern-sey — The traditional picture of Guernsey as a holi-day island chiefly concerned with growing tomatoes and flowers has been changed in the past decade.

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manufacturers in Britain and the United States as a base for light industry has developed export business that was worth £80 million (\$120 million) last year. Electronics farms accounted for over £63 million of that figure. By com-

ONE PLACE

with rising job losses through the er, with a work force of 330, was decline of horticulture, the island has spent more than £1 million in Britain and the United States in a

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bid to broaden its economic base. The American electronics instrument manufacturer Tektronix, which has been operating in Guernsey for more than 25 years

seen as the desirable type of plant. The island set out to attract similar, but smaller, units producing high-value, low-volume products that would pose no threat to the local environment

In 1984, a separate government body was set up to coordinate and monitor the manufacturing sector. The Board of Trade and Industry is responsible for screening applications, smoothing the way for firms that see the island as a potential base and ensuring that suitable sites are available for them.

Local MP David Evans, president of the board, and John Dempster, chief executive of its secretariat, acted as Guernsey's salesmen last year on a week's promotional tour of California.

Their mission followed two to California in 1984 and two to the eastern United States in 1985, all of them backed by advertising campaigns and media interviews.

Among the direct results have been the setting up of a plant in the island by the California-based electronics company Texmate and a decision by the multinational Nashua Corp. to move its world distribution headquarters in 1985 from Bermuda to Guernsey.

The island's advantages for branch plants or relocation in-clude its 20 percent level of in-come tax on both business profits and personal earnings, low rates on industrial property and a good labor record. The Channel Is-lands' special relationship with the European Community means that they enjoy free trade with the Common Market while being exempt from more onerous provi-sions such as the value added tax.

What incoming business executives particularly appreciate is the absence of red tape and the will-ingness of the island authorities to pull out all the stops to help sort out any initial problems.

There are now about 80 units of light industry, embracing engi-neering, printing, boat-building, textiles, food and drink, furniture and crafts, as well as electronics. The last sector provides the most jobs, but the knitwear firm of Le Tricoteur, a home-grown enter-prise, employs 80 full-time workers and more than 500 home fin-

But now, a manpower shortage has forced the Board of Trade and Industry to rethink its strategy. A proposed campaign in the United States last autumn was cut back. and the board sees its role for the present as a holding operation.



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Growth Fuels Jobs Dilemma

The dilemma is that the already heavily

to service their expanding industries.

populated Channel Islands are committed to

limiting the number of outsiders allowed in

By Edward Owen

T. PETER PORT, Guernsey — The two larger Channel Islands have a problem that many countries would envy: how to fill all the vacancies being created by iness growth.

As Jersey's chancellor, Senator Reg Jeune, and his Guernsey counterpart Conseiller Roydon Falla, both agree, the islands are lucky to have such a problem, parncularly since only four years ago Guernsey was worrying about rising unemployment due to the decline of its tomato industry.

The dilemma for the politicians, however, is that the already heavily populated Channel Islands are itted to limiting the number of outsiders allowed in to service their expanding economies.

Slowing down the rate of immi-gration has been official policy for some years. However, it became a priority issue following last year's census, which showed that since 1981 Jersy's population had grown by 5.2 percent to 80,212 and Guernsey's by 4.1 percent to

Both increases were well above expectations, and they were attributed almost entirely to immigration caused directly or indirectly by the financial boom.

The resulting prosperity has enabled the islands to maintain high investment in social services and capital projects and ensure wellpaid jobs for their inhabitants. For example, car ownership is well above the U.K. level. But it has also led to pressure on housing and land and has pushed up wage levels and administrative costs.

In the first four months of this year, housing prices in Guernsey were nearly 40 percent higher than in 1986 and, according to Eliza-beth Lincoln, president of the Housing Authority, young couples

vices, for instance, have been cut back this summer because the operator could not find drivers.

The politicians, therefore, must figure out how to slow down the economic machine without putting on the brakes so hard that it begins to backslide.

Controlling immigration is an equally tricky question since the Channel Islands form a common travel area with the U.K. mainland, allowing unrestricted movement each way. This is a centuriesold right that the islands would be loath to jeopardize by imposing, say, frontier checks on U.K. cit-

At present, Jersey is trying to control immigration through housing restrictions and through its Regulation of Undertakings and Development Law. This law was enacted in 1973 specifically to

only if they qualify as "essential" nity or are wealthy enough to pay a substantial amount of tax. Both categories are

confined to certain price brackets.

The Regulation of Undertakings Law governs the setting up and expansion of businesses and building development. Following the 1986 census, its provisions are

being considerably tightened. Until now business expansion has been controlled by licensing extra floor space, but the law is to be amended to license staff growth as well. The president of the Jersey Chamber of Commerce, Ian Barnes, warned that this will lead to "significant poaching of skilled



Although the industry has declined in importance, tomatoes are still grown in large quantities on Guernsey.

It has also been agreed that the maximum number of wealthy settiers admitted annually should be reduced from 15 to five and that essential" employee licenses should increasingly be granted for a limited period only.

Guernsey has only one instrument for controlling immigration from Britain - its housing law. This divides properties into about 1,800 higher priced houses and apartments freely available to nonislanders with the remainder reserved for local people or those

Guernsey's politicians are awaiting the results of an econom appraisal commissioned from asultants Peat Marwick Mitch ell before deciding what steps to

take to carb immigration.
At one time the island had seemed ready to introduce a regulation of undertakings law like fersey's, but it has had second only a recent phenomenon, Guernsey's politicians are particularly nervous about making any move that might jeopardize eco-

are being forced to move to the U.K. mainland because they can no longer afford to buy locally. The jobs market is showing sim-**EMERGING MARKETS** ilar strains since the salaries and "perks" offered by the finance sector cannot be matched by other usinesses. Guernsey's bus ser-



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Left, Adam and Eve in Martha Clarke's ballet; right, detail from "The Musician's Hell" by Bosch

Animation of 'Earthly Delights'

By John Russell

New York Times Service

EW YORK — It is the prethat, as Vincent van Gogh once with them. It also has an animal wrote, they "keep their calm even kingdom as heterogenous as any in the midst of catastrophe." In our that has been set down on canvas. lives, they are the point of maxi- Tireless pranksters, the creatures in mum stillness. We move. They question are of every size and

lemma

ble temptation. What if they have a objects - eggshells, mussel shells, scenographic potential that hamnts deviant bagpipes, dice, keys, bell us? What would it be like to bring jars and hyperbolical fountains one of those paintings to a different all have a part to play. dimension of life? Shouldn't we All the way from the Garden of know them better, enjoy them Eden to a particularly vindictive more, be more intimately a part of version of Heil, Bosch marshals a

Garden of Earthly Delights," the hardt among stage directors, Luis revival now at the Minetta Lane Bunuel among movie makers and Theater to September, the avant-garde director Martha Clarke has tone-painting in music. We can made her own kind of delicate and imagine gigantomania run free, poetical sense of that notion. This with Shea Stadium none too large three-part painting by Bosch is, for the basic spectacle and every apart from a doctrinal conundrum single member of Actors' Equity in of the first order, an anthology of full employment for the first time unprecedented goings-on and a ever. The musical forces required dictionary of antic detail. It could would dwarf those demanded by even be read as a blueprint for the Gustav Mahler in his Eighth Symapotheosis of the automate, the phony. All day and all night would work of art with mechanized and he none too much for an entertainmovable parts ment in ment in it is every detail.

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have been met.

many of whom get into deep trourogative of great paintings ble by the time the artist has done stripe, from basilisk to unicom and But some of them present a terri- from beetle to fish-otter. Inanimate

range of conceits that would tax the A dangerous notion. But in "The combined talents of Max Reinment that dealt with the subject in

> It is Martha Clarke's achievement that she does the job in exactly an hour. She has a cast of 10, musicians included, and some minimal props. Add lighting by Paul Gallo, human aerobatics masterminded by Foy, music by Richard Peaslee and costumes by Joan

foreshorten. Vast episodes vanish the heart of the matter. as if they had never been. Strange

will show how it works. The left-hand panel of the Bosch triptych is But it doesn't do to think of him

The scene has an angelic sweetness world. and clarity, and we see at once that Adam has trouble believing his hell" in the concluding section that

the angels duetting overhead.

U.S. 'Colorization' Ruling

New York Times Service

WASHINGTON — The Library of Congress, which has jurisdiction over copyrights, has ruled that colored versions of black-and-white movies are eligible for copyright protection as "derivative work" under

many circumstances The decision was a victory for such companies as Turner Broadcasting, which is making a large investment in coloring old films for television

Although the decision does not address the moral or artistic arguments it is a setback for actors, directors and producers who have opposed film coloring on those grounds. Congress has been asked to deal with the question whether coloring might be blocked on moral or artistic grounds.

The Copyright Office has published its proposed regulation, and it will be subject to 30 days of public comment before taking effect.

Under the ruling, colored versions of movies could receive copyrights if they "reveal a certain minimum amount of individual creative human authorship and are produced by existing computer-coloring technology, the Library of Congress said. Films will not be eligible for such protect if the tinting "consists of the addition of only a relatively few number of

colors to an existing black-and-white motion picture." Many prominent film makers have been outspoken in their opposition to coloring and saw the ruling as a blow. "Naturally, I think it's a bad decision, and I think it's something the motion picture guilds will fight." said Woody Allen.

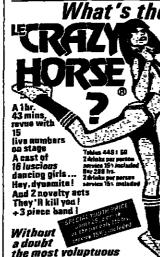
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As everyone knows, the Bosch Greenwood, and the roster of primal scene. "This is how it must triptych has a cast of thousands, Clarke's resources is complete. It have been," we say to ourselves, Clarke's resources is complete. It have been," we say to ourselves. therefore goes without saying that Adam and Eve don't "dance." she has had to cut, edit, condense, They don't "act." But they give us

> That they can do this is owed in pageantries, likewise. Landscapes part to Peaslee's seraphic music, as big as all Kenya had to go. The and in particular to the manifold animal kingdom is mostly out to gifts of Stephen Silverstein. For lunch. Bosch's imagination is much of the evening. Silverstein sits curbed, fileted, rebuilt in minia- at the back of the stage and plays one after another of the ancient But it is not lost. Nor is it be- wind instruments that he has not trayed. What Clarke has done is to only mastered but reconstructed work from feeling, and from her with his own hands. With the looks own personal magic, rather than as of a Neptune in retirement, he casts copyist or exegete. A first example an aura of loving kindness over the

> relatively tranquil in tone. We see as a passive observer. I cherished Adam and Eve in the Garden of above all the moment at which he Eden. Though not yet acquainted, suddenly sprouted wings and flew they are being brought together by up into the air, high above the the Son of God in person. Behind stage, to intercept an angel who Adam stands the Tree of Knowl- happened to be going his way. And edge, a date palm laden with fruits. what did he do? He took hold of A fountain moistens the paradisiac her foot, kissed it, played a duet with her and returned to earth. All is set, therefore, for the mo- Bosch would never have thought of ment at which our first and univer- that, but Clarke makes us accept it sal ancestors met for the first time. as the most logical thing in the

luck in having acquired so delicious Bosch was longest on feeling, as a companion. In a delt and unem- well as in sardonic invention. And phatic way, Martha Clarke gives us perhaps it is there that Clarke hews Adam, Eve, the tree, the apple and closest to Bosch and yet is, paradoxically, most herself. She and her The manner in which the apple is forces blow up a storm in which all offered, snatched and eaten is is fire and flame, darkness and strictly of the late 1980s, but in enormity, only to end with a resolugeneral Clarke's touch is timeless, tion that needs no words and al-Holding our breath, we witness the most defies us to find them.

"The Garden of Earthly De-

lights" could be enjoyed for itself and without reference to Bosch, for Martha Clarke neither leans on on a vanity her own. She is somewhere inside all the great 500-year-old images, like a superintelligent Alice in Wonderland who has walked through the wrong looking glass. The evening may be short, but it expands in the memory and will not go away.

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Rosencrantz & Guildenstern Are Back

By Sheridan Morley International Herald Tribune ONDON - "Rosencrantz and Guildenstern are Dead" was the play that first made Tom Stoppard's name at an Edinburgh Festival all of 20 years ago; it turns up now at the Piccadilly in a new tourng production by Peter Wilson that seems to have as its main inspiration the casting in the title roles

THE LONDON STAGE

of two celebrated alternative comelians known as the Oblivion Boys. Stephen Frost, who plays Rosencrantz or possibly Guildenstern, since confusion even about that is at the heart of Stoppard's comedy, and his partner Mark Arden are an amiably odd couple: Frost is a thick-set, balding victim of chronic uncertainty while Arden, rather more bouncily optimistic, provides the random energy that his col-league lacks. As a team they work very well. The problem is that around them Wilson has been unable to construct much of a production. Unless (as I saw in a memorable double at the Stratford Festival in Ontario last summer) you now stage "Rosencrantz" in repertoire with the real "Hamlet," it seems virtually impossible to find a Claudius or a Gertrude or an Ophelia or even a Hamlet who will add the correct weight and mystery to Stoppard's play, since in that they

are such very minor characters. If they are played, as here, like walk-on extras, then the central Stoppard joke falls apart. Only Lionel Blair as a rightly camp and tacky First Player is able to give Frost and Arden a run for their laughs. As a result the comedy becomes entirely about them, whereing on just out of their reach around the court. The games of chance work well enough, and the dialogue remains a constant delight ("If life was a bet you wouldn't take "Eternity is a terrible thought

where's it going to end?"); but in reducing the original sprawling philosophic debate about death ind irrelevance to a two-man knockabout vaudeville, something of the script's original power has been well and truly sacrificed.

To have four actors on a small and somewhat bare stage playing 20 of the characters in Charles Dickens's "Hard Times" for a twohour digest of the book might seem impossibly foolhardy, until one recalls that Dickens himself used to barnstorm America totally alone and engaged on a very similar task. Now, at the King's Head in Islington, Dilys Hamlett directs Helen Bourne, Susan Bovell, Jonathan Stephens and the former Olympic ice skater John Curry in Steph Jeffreys's excellent lightning guide to the story of Coketown (a lightly disguised Preston) and its inhabitants, a story dismissed in the 1850s for its "sullen socialism." but emerging here to resemble nothing so much as a D.H. Lawrence saga lightly flecked with the sentimentality of Louisa May Alcott. A quartet of versatile players, even when managing to look crowded on a stage like this, still have trouble representing the industrial might of Coketown: Rebellious union meetings look like uneasy cocktail parquietly and unobtrusively staged ties, and Curry is vastly better at after the fireworks of "Hamlet" suggesting Gradgrind's pallid son that its lasting image is simply the than the overbearing fact-finder radiant plainness of Miss Goranhimself. If, however, you know the zon, a young Ingrid Bergman of book, and like the idea of a fast-haunting emotional power. forward review of its highlights, or

if you can't face reading it but fear

that you may one day be chal-

Ingmar Bergman's second offering to the National Theatre from the Royal Dramatic Theater of Stockholm was a "Miss Julie" principally notable for its restraint after the massive liberties he took with "Hamlet" a few nights earlier. Peas it should also be rooted in the ter Stormare again played a central incomprehensible royal events go-role, the valet Jean, but in total contrast to his Prince of Denmark this was a performance strictly limited by its text and indeed almost self-effacing in relation to the properly arrogant title-role playing of Marie Goranzon. Bergman clearly believes that Strindberg, unlike Shakespeare, can be left to look

There are other moral debates at thriller is kept alive long enough to
after himself without any drastic the heart of this script, at times so give the play surrounding it a shape rethinking by the director, and many that the play is apt to get as and narrative drive that is often what we therefore got was a faith- lost as the missionary lady. Apart threatened by its habit of going off ful, faintly balletic rendering of the from the two reporters (Robert Ur- at frequent if usually intriguing di-



Stephen Frost, Rosencrantz, Lionel Blair, First Player, and Mark Arden, Guildenstern.

tale of sexual revulsion, but one so

At the Royal Court, Dusty Hughes's "Jenkin's Ear" is a politilenged on its main events, then this may prove a useful theatrical sumcal thriller set in a small central American country which, though unnamed in the play, could well be Honduras. There, an Englishwoman working for Christian Aid has been abducted and possibly murdered: in search of the facts comes an old friend, a journalist who, though given a different stage name, bears a certain resemblance craggy, quirky, weary integrity. A rival journalist of a very different generation is also on the scene, however, and (in a faint though vastly less comical echo of Michael Frayn's "Clouds") the struggle between the newsmen to get the story also becomes a battle about the ethics of journalism itself.

below-stairs tragedy. Again it was a quhart in fine, shambling form as alectic tangents.

the shaggy Cameron figure, and Nicholas Grace as the sharply ambitious opportunist from The Times), we are also introduced to an amiably cynical priest (Alfred Molina) who seems to have drifted in from a minor Graham Greene novel, plus British and American ambassadors of considerable selfinterest, not to mention the drug-addicted daughter of one of them, and a highly sinister local business-

Hughes has a moral or political issue to raise with each of his characters, and it is usually concerned with corrupt occupation, whether of whole nations or merely of people's lives. "Jenkin's Ear" is about American political colonization to the late James Cameron in his and English diplomatic and journalistic uncertainties, but in the end it settles into a vastly more simplistic cliffhanger about whether the missing lady will escape or die, and to what extent her fate will be determined by the honor of jour-

It is some tribute to David Hayman's brisk production that the

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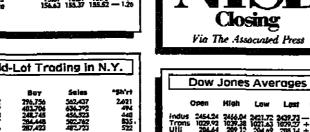
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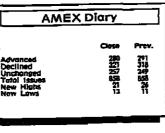
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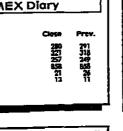
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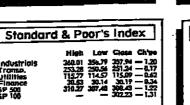
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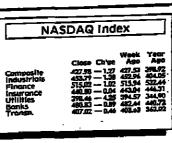
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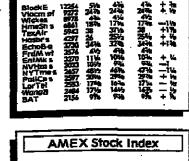
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Dow Posts First Loss in 2 Weeks

Stock Exchange ended lower Tuesday for the first time in more than two weeks as weakness in the dollar and bond markets triggered profittaking and futures-related sell programs.

Trading was active. The Dow Jones industrial average, which rose 24.66 points on Monday to hit its third consecutive record, fell 5.78 points on Tuesday to 2,439.73. It was only the Dow's fourth setback this month.

Broader indexes also retreated. The New York Stock Exchange composite index lost 0.55 pointto 172.22. Standard & Poor's 500-stock index dropped 1.22 to 308.43. The price of an

average share slipped 13 cents.

Declines led advances by about 4-3. Volume was about 194.2 million shares, up from 178.21 million on Monday.

Prices fell off before midday with the appearance of some futures-related sell programs that kicked in when the dollar started to ease.

But most traders and analysts agreed that the market is likely to continue its advance at least for the next week, with investors viewing any pullback as an opportunity to return idle cash to equities before the end of the second quarter.

Many big investors sold stocks and raised cash in the weeks leading up to the economic summit meeting in Venice earlier this month and the "triple-witching hour" Friday, and many are now feeling pressure to reinvest those assets, analysts said.

"After 11 days of moving straight up, the law of probabilities says there will be" a reaction, said Robert Ritter, a technical analyst with L.F.

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NEW YORK — Prices on the New York some form of profit-taking."

Jim Andrews, a vice president in charge of institutional trading at Philadelphia-based Jan-ney Montgomery Scott Inc., said that activity continued to center on the large-capitalization stocks favored by money managers and other big investors.

"All the news is still pretty good," Mr. Andrews said. "Inflation is no longer in bloom, interest rates are trending down, and this latest bit of news was pretty good. There was a lot of window-dressing going on here."

Peter Furniss, a managing director in the listed trading department at Smith Barney, Harris Upham & Co., agreed with this assessment. "The high-priced stocks" are "an area where you can spend a lot of money quickly,"

But he added that the market was "still hos-

AT&T was the most active NYSE-listed issue, losing 16 to 281/2.

Dayton Hudson followed, falling 1 to 53. The retailer hit a high of more than 57 this morning when it was reported to have received an unsolicited \$70-a-share takeover bid. The offer was later found not to be bona fide.

IBM was third on the actives list, gaining 1% to 164%.

Gillette fell 4 to 39 in heavy trading. The Boston-based maker of personal care products has rejected a \$4.6 billion acquisition bid by

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MADISON AVENUE

Agency Sees a Revolution In Link to Movie Company

By PHILIP H. DOUGHERTY

New York Times Service

EW YORK — A new entertainment unit set up by McCaffrey & McCall to serve the needs of United Artists Corp. will revolutionize the relationship between movie production companies and ad agencies.

According to McCaffrey & McCall Entertainment and to Andrew Fogelson, president for marketing worldwide at United Artists, the agency and United will have a "true marketing partnership," with the agency making a creative contribution on every United movie.

to increase profits

without increasing

marketing funds.'

This relationship is unusual, the client and agency agree, because the advertising for most movie production com-'We have been able

panies is usually done by Hollywood's boutiques and creative free-lancers. Norman S. Freedman will be chairman and chief execu-

tive of McCaffrey & McCall Entertainment and Daniel Stern will be president and

'mma

creative director. Mr. Freedman said the agency had prepared to start the new unit by gathering marketing information on movies. It developed data on 440 variables affecting profit and fed it all into a

computer.

"As a result, we have been able to increase profits without increasing marketing funds," Mr. Freedman said.

David B. McCall, chairman of the parent agency, a Saatchi & Saatchi company, said, "I think we are going to revolutionize the

And Mr. Fogelson said, "I think they were the first to do an analysis and come up with a process to help improve our business in a very dramatic way."

He said that starting July 31 with release of a new James Bond film, "The Living Daylights," United Artists plans to bring out eight features in the next 12 months and then go to a 10-film-a-

Bozell, Jacobs, Kenyon & Eckhardt was invited to the Third World Advertising Congress in Beijing to present a campaign for a fictional product to 2,000 guests at the Great Hall of the People. Instead, the four-man team headed by David Bell, the vice chairman, presented a highly polished campaign for an actual product. Chinese silk, and how sales could be stimulated in the United States. The presentation went so far as to include consumer research and copy testing. Afterward, an official of Chinese National Silk Corp. was impressed enough to invite the agency delegation to his office.

For the first time, Chrysler Corp. has appointed an agency specializing in advertising to minority markets. It is Lockhart &

The agency will do both corporate and product advertising, and the budget will be in the millions of dollars.

For advertising to the Hispanic market, Lockhart will use the

services of Montemayor y Asociados in San Antonio, Texas. General Motors Corp. uses Mingo Jones for minority advertising and Ford Motor Co. has the Uniworld Group.

People

 Robert H. Levenson has been squeezed out as chief creative officer at Saatchi & Saatchi Compton. The title was eliminated when his firm merged with DFS Dorland to form Saatchi & Saatchi DFS Compton. Both agencies are owned by Saatchi & Saatchi PLC of London. Barbara Boyle has been appointed senior vice president at

Ted Bates Worldwide. Ripley Odell has been named promotion director of Life

• James R. Blocki, vice president at Kraft Inc., has been elected chairman of the American Advertising Federation.

• Deborah K. Heineman has become promotion director in the United States for Reader's Digest.

Currency Rates

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Dayton Soars on 'Offer'

But Falls Back as **Bid Proves Bogus**

The Associated Press NEW YORK — A Cincinnati stock analyst made a bogus \$6.8 billion buyout offer on Tuesday for Dayton Hudson Corp., setting off wild gyrations in the retail giant's

The analyst, identified as P. David Herrlinger, later was fired by his employer, Capital Management Corp., and was taken for medical

Mr. Herrlinger called Dow Jones News Service early in the day to announce the \$70-a-share buyout offer for Dayton Hudson, according to Anthony Covatta, a neighbor who was acting as Mr. Herrlinger's The Minneapolis-based retailer

has been the target of takeover peculation for weeks, and news of the offer caused a sharp rise in the company's stock price.

Shortly after the report, the stock jumped \$5 from Monday's New York Stock Exchange closing price, Trading was halted in New York after the reports, but resumed after

about 90 minutes. The price began sinking as traders became suspi-cious about the offer. The stock closed at \$53, down \$1 from Mon-Dow Jones, a financial service that is read by thousands of stock traders and other Wall Street pro-

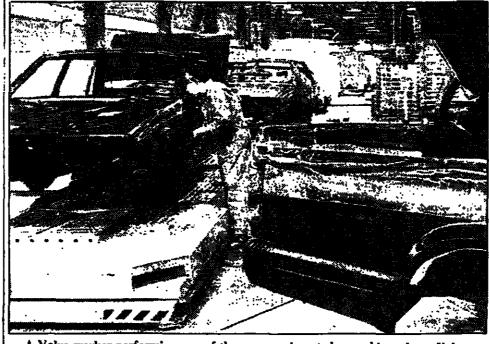
fessionals, later reported that the offer might not be bona fide, and Mr. Covatta confirmed it several Mr. Covatta said Mr. Herrlinger,

who he estimated was in his mid-40s, was taken to a hospital by his wife for an examination. Mr. Covatta said Mr. Herrlinger "is not well today," but he did not know what might be wrong with

"It's just a terrible shame that this thing got out on the wire this morning," said Mr. Covatta, who is an attorney in Cincinnati.

Mr. Herrlinger had told Dow Jones that he represented Stone Inc., which he described as a Cin-

See DAYTON, Page 11



A Volvo worker performing one of the more regimented assembly tasks at Kalmar.

Volvo Sweeps Tedium Off the Floor

Quality Rises as Teamwork Supplants the Assembly Line

By Steve Lohr New York Times Service KALMAR, Sweden — In a novel plan based on concepts pioneered at its 13-year-old plant here, Volvo AB plans to jettison the assembly-line approach, in which each worker repeats the same task hundreds of times

If all goes well, workers at a \$315 million plant under con-struction on Sweden's west coast will be organized into teams, each of which will ultimately assemble a complete car.

"I want the people in a team to be able to go home at night and really say, 'I built that car,' "said Pehr G. Gyllenhammar, Volvo's chairman, "That is my dream." The new plant at Uddevalla is scheduled to open in 1988.

At its Kalmar facility on Sweden's east coast, Volvo has been moving gradually away from assembly-line manufacturing. The cars being built here are

ferried around the plant by separate computer-controlled carriers. Work teams of about 20 people are responsible for putting together entire units of the car, such as the electrical system and

does a series of tasks,

Virtually all of the plant's 104 white-collar employees began on the shop floor. All major decisions at the plant, which has a

For a worker to feel involved with the product, he should be responsible for the work."

> — Leif Karlberg, the plant's manger

work force of 920, must be approved by a joint committee representing both labor and management,

Volvo asserts that the team approach to car assembly has raised employee morale at the plant and has sharply improved both productivity and quality. Quality is monitored by the

the engine. In this batch-work system, each worker typically computer. Any problems can be computer. Any problems can be traced to a work team or to an individual in 20 minutes to two hours. It can take up to two weeks at plants elsewhere in the industry,

"I can go out and say, 'Sven, you forgot this and this,' " said Leif Karlberg, the plant's general manager. "It's not a policing tool, because most of the feedback the workers get from management is positive. But for a worker to feel involved with the product, he should be responsible for the work."

Volvo is preparing to push the principles developed at Kalmar ven further at its new Uddevalla

"Uddevalla is the next challenge," said Roger Holtback, president of Volvo Car Corp. We will do away with the assembly line concept altogether.'

The Uddevalla plant is still evolving in long consultations between management and workers about procedures, design and organization. The essence of the Kalmar batch-work approach is

See VOLVO, Page 13

U.S. Prices Rose 0.3% in May; **Orders Dipped**

Compiled by Our Staff From Dispatches bile prices matched the increase in WASHINGTON — U.S. retail April. rices edged up 0.3 percent in May. the smallest increase this year, as a slowdown in energy prices partly offset sharply higher food costs, the Labor Department said Tuesday.

The increase in the department's Consumer Price Index, equivalent to an annual rate of inflation of 4 percent, also represented a slowdown in the pace of rising prices. following increases of 0.4 percent in each of the preceding three

Meanwhile, orders for durable goods, those items expected to last three or more years, edged down 0.1 percent in May, the first decline in four months, the Commerce Department said. The decline was led by a 13.1 percent drop in orders for military goods. Excluding this volatile category, durable goods orders rose 1.4 percent last month.

The May consumer price increase was the smallest monthly rise since a 0.2 percent increase last December. The figure helped underscore the view of many economists that inflation will not increase sharply through the rest of the year despite the large decline in the value of the dollar.

Largely because the lower dollar has raised import prices, the monthly consumer price rises for 1987 have pushed inflation to an annual rate of 5.6 percent, up from I.I percent last year.

But the dollar in recent weeks has begun to stabilize on foreign exchange markets. At the same time, economic growth throughout the industrial world remains slug-gish, limiting the demand for goods

and thus dampening inflation. Food prices led the May price increases, up 0.6 percent after a 0.3 percent rise in April, Grocery store prices registered their biggest increase since last August, 0.9 percent. The price of beef rose 3.1 percent, offsetting a 0.3 percent fall in poultry prices.

Gasoline prices, still rebounding from last year's fall in world energy prices, were 0.4 percent higher in May, following a 0.7 percent rise in April. The gasoline price increase was the smallest so far this year. The 0.3 percent rise in automo-

is a single, fundamental principle: the protection of depositors' funds.

then, that this pursuit of excellence results in considerable advantages

to private banking clients, and

It should come as no surprise,

Durable goods orders totaled \$106.9 billion last month, down \$83 million from the April level. This 0.1 percent dip was the first decline since a record 9.8 percent

plunge last January. Orders in April had risen 0.7 percent, revised upward from the previously reported 0.1 percent.

The 1.4 percent rise that excluded military orders followed a revised April fall of 0.3 percent, originally reported as a 0.9 percent (AP, UPI, Reuters)

Swiss Top List Of Per Capita GDP, Bank Says

GENEVA — Switzerland outranked the United States, Japan and other major industrial nations in per capita economic output in 1986, Union Bank of Switzerland reported Tues-

day. Switzerland's gross domestic product totaled \$20,437 for each inhabitant, the bank said GDP is the total value of goods and services excluding income earned abroad.

In a list compiled by the bank, the United States placed second, with \$17,255 a person, and Japan third with \$16.213. Other countries, listed in order, were Sweden (\$15,868). West Germany (\$14,651). France (\$12,882), Austria (\$12,450). The Netherlands (\$11,300), Belgium (\$11,212), Italy (\$10,469), and Britain (\$9,654).

In national spending, Switzerland ended 1986 with a bud-

get surplus equivalent to \$1.1 billion. The others all posted deficits, with the U.S. deficit of \$220.7 billion by far the largest.

The bank cautioned that comparisons in U.S. dollars were strongly influenced by the decline in the dollar against other currencies.

IF YOU PURSUE EXCELLENCE, ONLY ONE BANK CAN KEEP UP.

The dedication to excellence of Republic National Bank is a natural outgrowth of the strong beliefs of its founder and principal shareholder, Edmond J. Safra.

Republic is firmly committed to such sound, traditional banking practices as



For Republic National Bank of New York, the relentless pursuit of excellence has achieved nothing less than excellent results.

Republic has grown to be the 11th largest bank in the United States, in terms of shareholders'equity.

It is active in 19 countries around the world, including the important banking centers of London, Luxembourg, Milan, Paris, Hong Kong, Singapore, Montreal, Tokyo, and of course. New York.

The bank has always been highly selective in lending. It emphasizes very conservative activities, investing in safe and liquid assets and using its extensive expertise to trade profitably in precious metals, foreign exchange, bonds and bank notes. Underlying every aspect of Republic National Bank's pursuit of ex-



advantage of opportunities to

our commitment. If that is

bank, call us today at our

something you expect of your

Luxembourg office (352) 470711.

The pursuit of excellence is

on a global scale.



REPUBLIC NATIONAL BANK **OF NEWYORK**

A SAFRA BANK

NEW YORK - MIAMI - LOS ANGELES MONTREAL LONDON PARIS LL'XEMBOURG MONTE-CARLO MILAN GIBRALIAR GUERNSEY HONG KONG SINGAPORE TOKYO PANAMA NASSAU BUENOS AIRES-SANTIAGO MONTEVIDEO CARACAS MEXICO
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FIGURES AS AT DECEMBER 31, 1986: TOTAL ASSETS: US \$ 16.8 billion SHAREHOLDERS' EQUITY:

US \$ 1.6 billion

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AMEX Highs-Lows Shearson Agrees to SEC Censure

16% 20% 27% 17% 3% 3%

For Violations on Clients' Stock

NEW YORK — Shearson Lehman Brothers consented Tuesday to a censure by the Securities and Exchange Commission for violating securities laws involving the use of customers' stock, the SEC said.

Without admitting or denying it was guilty of the violations. Shearson agreed to adopt internal reforms to prevent future similar violations.

The settlement also requires independent public accountants to review Shearson's operations twice a year to determine whether inade-

quacies exist in its procedures. The SEC charged that from Nov. I to Nov. 8, 1985. Shearson failed to obtain or maintain physical possession or control of all its customers fully paid and/or excess margin securities. The SEC alleged that Shearson unlawfully used customers' securities primarily for stock loans, including \$69 million on Nov. 4 alone.

TF1's Owner Warns Investors About Sale

The Associated Press PARIS - The head of France's TF1 television network has warned investors against the upcoming public sale of the government's 50 percent share in the station, saying French television will have a troubled future.

Francis Bouygues, who also heads Bouygues SA, Europe's leading construction group, called on the Chirac government to review its policy on television advertising which he claimed favors state-owned television networks and penaiizes private channels.

Mr. Bouygues said that potential investors "should be aware that they are investing their confidence in the capacity of TF1 to maintain its 40 percent market share despite a difficult

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NCR Program Speeds Chip Design The Associated Press

DAYTON, Ohio — NCR Corp. unveiled a new computer program Tuesday that will allow engineers to design custom computer chips more quickly by using artificial intelligence. telligence.

NCR's "Design Advisor" pro-gram is a result of work in artificial intelligence by Microelectronics & Computer Technology Corp. of Austin, Texas, which was formed as a research consortium in 1982 and now is owned by 20 American electronics companies.

NCR said the new system could cut weeks or months off design time, especially in the area of application-specific integrated circuits, which are computer chips tailored to the specific needs of users.

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> S & P 100 index option prices were not available in this edition because of transmission delays. **More Car Imports Expected** in China

BEIJING — China spent \$960
million on foreign cars from 1981
through 1985; and sach heavy
spending is likely to continue be
cause of the country's weak doinestic automobile sector, according to
the official Vinhua news accord.

the official Xinhna news agency, insured value from 0.375 percent, insured value from 0.375 percent, industry sources said Tuesday, official on Monday, as saying that by the year 2000, China would need 4 million cars annually to meet de-

570 630 631 To Our Réaders -

Lloyd's Boosts Rates For Shipping to Kuwait

4 million cars annually to meet demand. "If we don't improve our bas increased since the United own automobile industry, more States said it would protect Kurars will have to be imported he said.

Chinese plants, which make the Gulf War zone. A rate of 0.25 mostly jeeps and tracks are plant are percent has been retained for vesning to produce about 365,000 vesn



مكذا من المصل

Olivetti Sees Lower Net Profit for '87

By David Brown Special to the Herald Tribune IVREA, Italy — Olivetti SpA, the Italian computer and office

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first five months of this year from 2.55 trillion lire in the comparable de Benedetti warned shareholders

products group, will post a decline umph Adler, which Olivetti acting consolidated net profit this year quired last year from Volkswagen units from 210,000 units in 1986.

at current rates) last year.

The company said that group revenues, including sales by its new Triumph Adler type-writer unit, fell 2 percent to 2.49 trillion lire in the

Court Ruling Seems to Boost Harcourt's Fight Against Bid

Compiled by Our Staff From Dispatches the plan, Harcourt contended that has ruled that bondholders of Harcourt Brace Jovanovich Inc. have ible into common stock. the right to convert their debenfewer shares than they hoped to

control of Harcourt.

Sources said the bondholders -which include Robert Maxwell, the ers, the U.S. securities firm; and Mutual Shares, a mutual fund -

would probably appeal.

Harcourt, a U.S. textbook pubsher, rejected a \$2 billion bid last month from Mr. Maxwell's British Printing & Communications Corp. and announced a recapitalization designed to thwart the takeover.

Monday's roling clears a major obstacle to the recapitalization closed that it held 11,200 deben-

NEW YORK — A Florida judge as a result of the recapitalization.

The bondholders were hoping to tures to common stock, but for far convert their holdings at a share price of \$1, meaning that each of the debentures, which have a face Had the bondholders prevailed, value of \$1,000 a piece, would have they would have obtained voting been converted to 1,000 shares of stock, sharply increasing their

stakes in the company.

Judge Fredrick Pfeiffer of Or-British publisher; Salomon Broth- ange County Circuit on Monday gave the debenture holders the right to convert the debentures, but set a \$10 share price by taking an average of market prices.

Salomon Brothers owns 21,978 debenures, which it sought to convert into about 22 million shares, giving it around 36 percent of Harcourt's stock.

On Monday, Mutual Shares distures, which it sought to convert to When it agreed to pay a \$40 cash dividend to shareholders as part of (NYT, Reuters) local markets.

Excluding revenues from Tri-umph Adler, which Olivetti ac-met this year to fewer than 40,000 that Olivetti's North American per-

lo de Benedetti, predicted Tuesday.

Olivetti reported group net profit of 565.5 billion lire (\$4.27 million at current rates) last year.

Jeroup sales inched ahead 1.8

percent to 2.98 trillion lire despite a sharply weaker North American market, the company said.

In another despite a profit was the company's first acknowledgment that Olivetti's disappointing alliance with American Telephone & Talanta beginning to hurt its earnings.

AT&T took a 23.5 percent stake in Olivetti in October, when the two companies agreed to form a 10year alliance in which Olivetti would develop and produce AT&T's personal computers for

the U.S. market. Mr. de Benedetti said that Volkswagen had agreed to shoulder unspecified Triumph Adler losses this ear in excess of the 50 to 100 billion lira that Olivetti plans to

■ Unveils New Computers

Olivetti said, meanwhile, that it would launch a major line of new personal computers using the pow-erful Intel 80386 chip, as well as software and other products, in the third and fourth quarters of this year, Reuters reported. The new PCs are compatible with previous

It said it would offer three versions of the new M-380 for the higher end of the PC market. It said that the M-380 was suitable for use in local area networks or as a standalone PC for applications needing high processing power and speed. It also unveiled the M-280, a

midrange model with higher power that expands its current M28 and M-28SP product lines. Officials declined to give price ranges of all the new machines,

saying they would be determined in

BAe Wins Huge, But Tentative, Jet Order

tional Herold Tribune LONDON - British Aerospace PLC said Tuesday that it had received a tentative order for 72 of its "Quiet Trader" cargo jets — its Cutire expected output for the next five years - from Australian-based TNT Transport Group.

The agreement, with a potential value of \$1.5 billion, would be the largest single commercial aircraft sale in British Aerospace's history.

The announcement pushed BAe shares up 20 pence, to 574 pence, in heavy trading on the London Stock Exchange Tuesday. A BAe spokesman emphasized, however, that "these do not yet represent firm orders in our books."

Under the agreement, TNT will retain "a substantial proportion" of the 72 cargo jets, BAe said. It said the remainder would be resold or leased through TNT's subsid-rently \$477 million) in the cargo-jet Airlines.

iary, Ansett Transport Industries project since the plane's launch in Ltd., which it owns jointly with 1985.
Rupert Murdoch's News International Corp.

The tentative sale has raised BAe's bopes that the new cargo jet can make substantial inroads into the express-freight market, which is currently dominated by small, second-hand, propeller-driven planes.

The turbofan-powered 146-QTs, which sell for \$20 million each, were designed to meet increasingly stringent noise-control regulations at regional airports.

The plane's engines are built by Avco Lycoming, a subsidiary of U.S.-based Textron Inc. Sir Raymond Lygo, BAe's chief

executive, said the prospective sale was a major fillip to BA's commercial aircraft division, which has invested more than £300 million (cur-

Only six 146-QTs have been sold so far, all to TNT. Only one is in service, employed on a TNT night-ly delivery schedule linking Scot-land, Northern Ireland, England and West Germany.

Sir Raymond said the proposed civil aircraft by a third within five

In March, BAe reported that 1986 earnings fell 34 percent to £84.3 million from £127 million in

The 146-QT was developed as a cargo derivative of the BAe 146 four-engined passenger jet that carries 85 to 100 passengers.

ders for the passenger jet, mostly Pierson, Heldring & Pierson N.V. Herengracht 214. ing 24 bought by Pacific Southwest

sale would move BAe toward its goal of cutting production costs in

BAe has received about 90 orfrom U.S. regional carriers, includ-

Joint Venture Aims to Track Vehicles in Europe With Satellite by 1991 By Axel Krause in 1983 and has taken a 15 percent share in

Richard Miller, president of

Capital Management, said he fired Mr. Herrlinger after overhearing

him link the firm to the offer for

Hudson, which has said it wants to

remain independent, was asking

the Minnesota legislature to tough

Dayton Hudson last week dis-

closed that Washington-based

Dart Group Corp., a discount re-tailer, had acquired a "substantial"

Dayton Hudson has about 97.4

million common shares outstand-

ing. It is one of the nation's largest

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INSTRUMENTS

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Republic National Bank of New York

STOCK INDEXES

en the state's anti-takeover laws.

The reports came as Dayton

Dayton Hudson.

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FUTURES &

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PARIS - France's space agency and a group of West European and U.S. companies and banks have established a new satellite communications service that can locate trucks, railroad cars, small aircraft and boats with an accuracy of 100 meters

The proposed system, called Locstar, is not scheduled to be in operation before 1991, executives involved in the joint venture said Monday.

The system will be based on licensed technology of Geostar Corp., a Washing-ton-based telecommunications services company. Geostar, which was established

the venture, has been testing such a satellite communications service for the Maine Central railroad in New England.

The partners have agreed to capitalize the French-registered company at 400 million French francs (\$65 million), but total investments will reach 700 million francs. said Daniel Hernandez of the Centre National d'Etudes Spatiales, the French national space study group that will head the joint venture. CNES has taken the largest stake, at 34 percent.

We have received wide expressions of interest from truck fleet operators throughout Europe and railroads, primarily the SNCF," the French state-owned railway.

0 years.

ernment approval and radio frequencies in in and around urban centers. European countries, as well as a slot on Europe's Ariane satellite launcher.

rates of about \$45 for each truck or train. Some high-speed passenger trains in Europe are equipped with radio transmission equipment, but they are used only on heavily traveled routes.

Market studies have projected that Loc-star could have up to 800,000 users within by Western European truck operators, but Mobile radios also are in widespread use such radios, linked to land-based commu-The program will depend on getting gov-nications equipment, can only be operated

Locstar's other partners include MAN. the West German truck manufacturer; Mr. Hernandez said that the key markets STET. Italy's state holding company for - some 300,000 long-distance trucks and telecommunications and electronics; Ma-40,000 trains circulating throughout West- tra SA. France's state-owned arms and ern Europe daily — could be hooked up to electronics company; the communications the proposed service. The cost to customers affiliate of SNCF and the French banking rould be based on Geostar's monthly U.S. groups Banque Nationale de Paris. Compagnie Financière de Suez and Société Générale. They also include communications equipment and computer software companies in Denmark, Italy, the Netherlands, Norway, Sweden, and Ireland.

DAYTON: Bogus Bid Sways Stock

men for Dayton Hudson said the (Continued from first finance page) company had received no offer and cinnati-based private investment declined to comment further.

Mr. Herrlinger later was identified as a portfolio manager at Capi-

tal Management The New York Stock Exchange said it would conduct an analysis of price and volume changes in Dayton Hudson stock surrounding the various reports to determine whether any securities laws had

been broken. In addition to the action in New York, at least 72,200 shares of the stock changed hands on the Boston Stock Exchange at prices in the low

Another block of 131,500 shares traded in the national over-thecounter market at \$63, which was the high for the day. Following the reports, spokes-

Marathon Agrees to Sell Unit in West Germany

FINDLAY, Ohio - Marathon Oil Co. said Tuesday that it had agreed to sell its West German refining and marketing unit to OMV AG, the Austrian national oil com-

Marathon, a USX Corp. subsidiary, did not disclose the terms of the sale, of Deutsche Marathon Petroleum GmbH.

Asia Weekly net asset Pacific value on Growth 19-6-1987 U.S. 37.42 rund Listed on the

Amsterdam Stock Exchange

HACHETTE

HACHETTE S.A. GENERAL ASSEMBLY OF SHAREHOLDERS

JUNE 18, 1987

Chairman's address

Hachette in three respects. First, the Group's trading results reached a record level, amounting to F.Fr. 215.7 million prior to appreciation and depreciation, and to F.Fr. 405.8 million following adjustment. These results were achieved notwith-standing the very high level of investment over this trading period, in particular the acquisition of a majority shareholding in Europe 1 Communication as well as numerous developments and acqui-

Secondly, the share of foreign sales rose by 33.2% on the previous year, bringing this to 35.2% of total Group turnover. Penetration of "Elle" in the United States, acquisition of Curtis, secondlargest American news magazine distributors, and - jointly with the Groupe Bruxelles-Lambert taking control of and revitalizing the Belgian company Editions Dupuis, Europe's leading pub-lishers of comic strip books: these were the most distinguished milestones in the development of our international activities during 1986.

Thirdly, 1986 saw Hachette become a fullfledged, audio-visual group. Although the most obvious manifestation of this has been the takeover of Europe 1, one should also draw attention to the success of major television serials produced by Télé-Hachette, as well as motion pictures from Hachette Première, some of which received awards in the United States and at the Cannes Film Festival. In total, audio-visual business accounted for a sales figure of F.Fr. 1.5 billion in 1986, just over 10% of consolidated Group turn-

These impressive achievements, however, should not distract from our successes in more traditional fields of activity, such as book publishing which enjoyed its usual harvest of literary prizes, or the Hachette Education operation in making remarkable advances in its market sector, or "Télé 7 Jours", "Première", and "le Journal du Dimanche" breaking new circulation records.

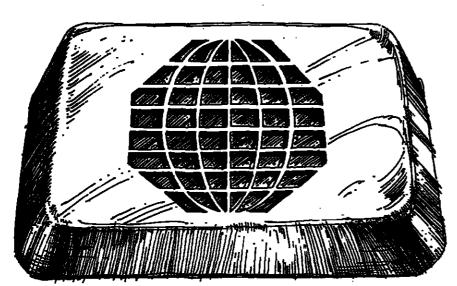
1986 has been a year of achievement for Such flourishing results testify to the dynamism of a Group at the top of its form in all its spheres of activity. Already, 1987 promises to be a year for breaking new records both in France and abroad, and in both trading results and profits.

One cannot refer to the beginning of 1987 without mentioning the competition surrounding the privatization of TF1. Only the future and the emergence of results will tell who was right those who were disappointed, or those who were relieved to have avoided an onerous, costly and risky undertaking. Nevertheless, we feel that nothing these days is permanently fixed on the French or European audio-visual scene, and that Hachette will unquestionably be playing a major role in this area in the near future.

Above and beyond this venture, there still persists our multi-media strategy with an eye to the 21st century; a strategy of investment in books, the press and the audio-visual field; a strategy of participation in every facet of the culture of our me. We remain market leaders in France and are now determined to become the market leaders in Europe.

Bearing in mind this new phase into which we are entering, implying as it does tough competition, and where the front-line troops will perhaps be under greatest threat, I have developed an intensified and streamlined company structure which is already operational. The authority and responsibility of the Operational Groups will be instrengthening the presence of Group General Management. Every individual in his or her field of activity, whether it be in books or the press, in audio-visual or distribution activities, will contribute to the development of the Group in France and throughout the world by cultivating at the same time that indispensable element which is their human capital, and by giving priority to their

Solid (Fold



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DOLLAR: A Split Emerges on Whether Slump Is Over U.S. Oves Most

said, from the overwhelming bearishness that has dominated the market for months.

Dealers taking a positive view of the dollar cited progress in reducing the U.S. budget and trade deficits, as well as relatively high U.S. interest rates and other signs that the economy is gaining strength.

"I think we've seen the lowest point for this year," said a dealer for an American bank in Frank-furt. "While there are negative factors that will keep the dollar from climbing dramatically, as it did be-fore peaking in 1985, I think we'll see incremental advances bringing it to around 1.90 DM by the end of the vear."

Other dealers disagreed. "There is no change in the trend," a dealer for a large German bank said, "It has taken the market several months to push the dollar up a few pfennigs, in a minor correction.

"The basic economic strength needed for a longer-term rise is not there," he added. "What does exist in the U.S. is massive debt that has to be financed and some serious economic dislocations."

Mary Lynn McCaffery, vice

By Carl Gewirtz

HAMBURG - Bank settle-

ments procedures, an arcane back-

office function traditionally left to

technicians, have moved up to the

board room as still another risk for

This was made clear here Tues-

day when the heads of the world's

109 largest commercial banks de-

voted half a day of their three-day

annual International Monetary

Conference to the subject. Of the

five separate working sessions, this

was the only one dealing with

Participants were told that the

increasing globalization of finan-

cial markets and the explosion in

the volume of daily transactions

breakdown in the settlements pro-

banking procedures.

bankers to be concerned about.

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main the dominant factors in the currency's movement.
"On a volume basis," she said, there is more improvement in the trade deficit than shows up on a

dollar basis " The dollar has fallen for sever consecutive quarters, Mrs. McCaffery said. But it will rise in the current quarter from the daily average of the previous three months. showing at least a newfound stability in the market, she said.

"We're seeing more of a mixed market. There are some bulls," Mrs. McCaffery said. "I would say 75 percent of the market is still very strongly bearish."

"It used to be 100 percent bear ish, so that is a change," she said. "But the basic problems, the trade and budget deficits, are still there." Trading Tuesday demonstrated

exchange at Discount Corp. in New Ments overseas, which totaled York.

**Single Property of the Property of th

"The market went long on dollars and then everyone scrambled to sell because there were rumors the Fed was selling dollars," Mr. Holland said. "It shows how sensirive the bullish sentiment is right

now to news and rumors." The relative strength of the dollar in recent weeks drew a mixed appraisal from bankers and offi-

monetary conference in Hamburg. For Karl Otto Pohl, president of the Bundesbank, the dollar's performance "confirms that the adjustment process is under way. Markets are making the same assessment and therefore the dollar is recovering."

current strengths as a technical re- economists do not believe will hapaction, with strength breeding pen for many years. strength as speculative short positions anticipating a further decline are closed out.

In earlier European trading, the 1.8455 DM, up from 1.8353 Monday, and in Paris at 6.158 French francs, up from 6.1235. It closed in president of foreign exchange for Citicorp in New York, said that the U.S. trade and budget deficits re
1 rading Tuesday demonstrated the risks of buying dollars in the current market climate, said Daniel Holland, vice president for foreign \$1.5950. Zurich at 1.5248 Swiss francs,

Bankers See Unsettling Risks in Settlements cess, whether from a failure in tech- sions for managing risk - and con-

counterparty. At the same time, bankers made cy." he said. clear that they are still at the stage of trying to define weaknesses rather than proposing solutions.

"Efforts are under way," said E. Gerald Corrigan, president of the New York Federal Reserve Bank. But the issues are complex, and we don't want to be hasty in coming to grandiose conclusions."

Dennis Weatherstone, president of Morgan Guaranty Trust, described the problem as he saw it.

"We now have a huge, complex, interlocking system of national and global markets, operating 24 hours a day, with settlements procedures has raised the systemic danger of a for both cash and securities varying widely among markets, and provi-

nology or the bankruptcy of a taining problems in the system if cerns that the U.S. economy could they do occur - still in their infan- become subject to the whims of

> is the amount of time now taken to sought to play down the change in settle dollar-denominated transac- the nation's position, saying that it tions which, under current procedures get settled in New York at the close of the business day.

creation of regional clearing mechanisms in Europe and Asia.

complained that the high U.S. bud-Chairman Paul A. Volcker on get deficit robs them of investment Tuesday denied recent rumors that income and is a primary source of he would join Continental Illinois sluggishness in the world economy. Corp. when his term expires in August. "I've got no intention of going pan, which has supplanted the to any commercial bank," said Mr. United States as the world's largest

DEBT:

The new figures confirmed the rapid pace of the country's plunge into debt. In 1982, the United States was the world's largest creditor nation with an investment surplus of \$141.1 billion.

But a string of record foreign trade deficits has wiped out that cushion, as Americans have transferred billions of dollars into the hands of foreigners by buying imported cars, television sets and a

ultitude of other products. The country's shift to debtor status is directly linked to its deficits in merchandise trade. The only way the United States will be able to pay off its foreign debt is by run-But commercial bankers saw the trade accounts, something that

Although economists believe there will be a slight narrowing in the U.S. merchandise trade deficit this year from about \$166 billion in dollar was fixed in Frankfurt at 1986, it will only slightly slow the

buildup of foreign debt. Economists are predicting that total U.S. foreign debt could hit \$! trillion by the early 1990s.

Many economists believe such a heavy debt burden will reduce the U.S. standard of living as foreigners demand higher and higher interest payments just to service the as much as \$50 billion a year, by some estimates.

Transfers of such large amounts of money to foreigners raise conforeign investors. President Ronald Reagan has

proves how attractive investment in the United States is to foreigners. Foreign holdings of U.S. Trea-sury securities climbed \$12.3 billion in 1986 to total \$96 billion. Other governments, including Japan and West Germany, have long

Some economists predict that Ja-

VOLVO: Automaker Drops Assembly Line, Sweeps Tedium Off Shop Floor

(Continued from first finance page) that more work is performed by teams of workers in the pre-assembly stage, before the parts are loaded onto the slow-moving carriers

weaving through the plant.
At Uddevalia, the work teams will perform an even greater variety of tasks. Volvo officials say that the plant will use a "standstill production" system, with workers clustered around a car while parts and materials are shuttled to the work

The cars will be mounted on Kalmar-type carriers, but they might remain at a work station for hours. Volvo workers look forward to the adoption of the new system; in their view, the move away from assembly-line production at Kal-

mar has not gone far enough. Worker surveys show that 90 percent prefer the less structured pre-assembly work, even when the pace is faster, to the more regimented assembly tasks on the carriers.

Uddevalla promises an added leasure of independence. "We want to move away from assembly line production faster than anyone else." said Peter Borjesson, a 38year-old worker and an official of the Council of Metalworkers Union.

The best guide to Volvo's production is the two-story Kalmar piant, whose bexagonal, cellular configuration makes it resemble a giant honeycomb when viewed from above. Its innovative techniques have been copied both by other Volvo plants and other auto-million on revenues of \$5.48 bilmakers, including General Motors Corp.

But the road to success was sometimes rocky. Start-up costs were high and progress often slow. Despite the occasional setbacks, Volvo remained committed to the belief that work teams and a shift away from assembly-line production was the right strategy.

Today, that patience seems justified. Over the past five years, Volvo's car operations have posted 20 percent pretax profit margins and a percent return on total capital, have improved markedly. Not all of figures that make it perhaps the most profitable automaker in the

Volvo's car division generated revenue of \$5.81 billion last year. The company has yet to report the car unit's profit for 1986, but in world," said Mr. Gyllenhammar.

Recalling When Volvos Weren't So Chic

By John Holusha

DETROIT - Volvos may be de rigueur among all those young professionals who have flocked to the American suburbs to raise their families, but it certainly was not always that way.

When Volvo AB of Sweden first marketed its cars in the United States in the 1950s, they literally stood out. The graceless sedans resem

bled cars that plied American roads in the 1930s and 1940s, and the company sold only 1,600 U.S. market.

Volvo now outsells BMW, Audi, Mercedes-Benz and Saab in the United States, but has not become the largest marketer of pricy European imports by being one to embrace the latest fad. In the 1950s and 1960s, when

U.S. automakers were emphasizing flashy styling, greater horse-power and size, Volvo focused on durability, function and safety. Its advertising featured testimonials to the longevity of Volvo cars, and how well they protected passengers in crashes.

As a result. Volvo became the cars as the Mercedes-Benz. In

the same systems and, more impor-

One reason Volvo is thriving is that its cars are high-priced, with base sticker prices in the United States ranging from about \$15,175 to nearly \$35,000.

Volvos, which long had a utilitarian image for Americans, are now seen as luxury cars and have become highly popular with young professions

But an equally important reason for Volvo's stellar performance is that its quality and productivity the improvement can be attributed to innovation on its shop floors. but this clearly has helped.

"In the early years, a lot of peo-

12 Month High Low Stock

ple said Kalmar was for the birds. that it would never work in the real and skepticism throughout the in-

cars in 1956, its first year in the Volvo's 480 ES, designed to compete with Japanese cars.

addition to the basic 240 series, sensible car, the one identified with college professors, urban liberals and those who prided themselves on being immune to the wiles of Detroit's "Big Three." Volvo's U.S. sales

growth was slow but steady, climbing to 25,155 cars in 1966 and to 43,887 in 1976. Last year, sales reached 113,267 cars. In recent years, the company has tried to change its sturdy, sensible look to one approaching the luxury-performance image of such high-priced West German

Volvo has introduced the larger. more luxurious 700 models, with some priced close to \$35,000. It has begun to market horse-

power, equipping its 740 models, including a station wagon, with powerful turbo-charged engines and five-speed transmissions. The approach appears to be

working. In the first five months of this year, Volvo sold 52,881 cars in the U.S. market. At that pace. 1987 sales would top

tantly, the same philosophy." The Kalmar plant, which opened

in the late 1960s and early 1970s. The antagonism toward the business community throughout the practical. West in that period was particularly severe in Sweden, which had full employment, restricted immigra-

tion, generous welfare programs the auto industry, absenteeism rose and quality and efficiency declined. Companies also had trouble recruiting young people.
"It was clear we had to offer

workers something besides pay," said Mr. Gyllenhammar, who pushed hard for the Kalmar plant despite opposition within Volvo

The something extra was a dif-

ferent working environment, more varied jobs, greater responsibility for quality and an active role in in 1974, was largely an industrial decision-making. The new apresponse to Swedish social trends proach won praise from Sweden's proach won praise from Sweden's social liberals, but many in the industry doubted that it would be

For a while, the skeptics seemed to be right By the late 1970s, productivity and quality had slipped, while a weak dollar made Volvo's

Throughout that testing period. Volvo's management was convinced that the execution of its idea was flawed, not the principle of work teams. And through a series of small but significant improvements, the company was able to significantly improve its quality



Via The Associated Press

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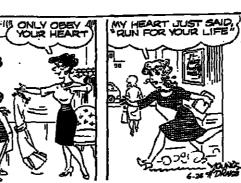
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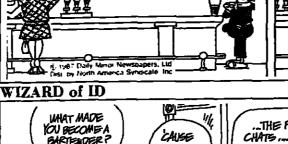


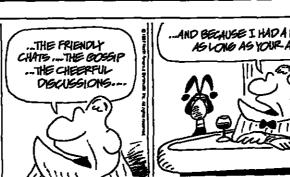
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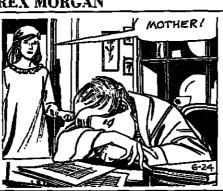
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BOOKS

By Vassily Aksyonov. 224 pages. \$15.95. Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley

E MIGRATING is something like going to your own funeral," Vassily Akyonov writes, "the only difference being that after your funeral your nervous system dies down." Aksyonov has experience of the phenomenon, having settled in the United States seven years ago after being invited to leave his native Soviet Union; the crimes for which he was exiled were resistance to official literary censorship and resignation from the Writers Union in protest against its expulsion of two editors. "In Search of Melancholy Baby" is Aksyonov's account of his exile, but though he writes harshly about Russian officialdom, it is not a bitter document; to the contrary, it is an exuberant, affectionate celebration of the United States and of the assimilation process. Aksyonov has lived and worked in Washing-

ton for most of his U.S. stay, first as a fellow at the Wilson Center and then as a teacher commuting to Baltimore — at Goucher and Johns Hopkins. He and his wife, Maya, after a stint in Los Angeles, worried that, "if Los Angeles seemed a backwater to us, what would we make of Washington?" The answer was a happy surprise: "We took to the place from the first. Perhaps it satisfied one minor complex from the emigre's bouquet of same. Here on Capitol Hill, between the Congress and its library, with colonnades competing against trees on every side, you can rocall Saint Petersburg; walking along the brightly painted fa-cades of Georgetown, you can approximate a Britain that still exists; sitting in a sidewalk cafe in Dupont Circle, you can catch the universal Parisian spirit. Was it the call of the capital? An imperial imperative?

Whatever it was, it caught Aksyonov and shows no sign of letting him go. Much of "In Search of Melancholy Raby" is a love song to Washington, celebrating everything from its architecture (!) to its ethnic neighborhoods to its political-journalistic society, in which Aksyonov evidently moves with ease and plea-sure. But it is a love song tinged with an appropriate measure of regret and vexation.

He's not so kind, though, to American culture. "From within," he writes, "I see with mounting astonishment that for all its scope, the American literary, theatrical and cinematic

Solution to Previous Puzzle

IN SEARCH OF MELANCHOLY establishment has certain traits in common with a general store: preference for the hor item, fear of risk, sheer panic at the thought of Were the

thort.

Gaillt'

Aksyonov celebrates jazz and wonders at its low prestige in the land of its origin. When he writes about how jazz "in Russia had been the innovation." epitome of America to me," and then observes that "during my first years in America I was shocked to learn that jazz was a rare guest in its homeland." "From the moment I heard a recording of 'Melancholy Baby,' Aksyonov writes, 'I couldn't get enough of the revelation coming to me through the shadows . . . that 'every cloud must have a silver lining.' "It is in Russia that he found jazz, in the United States that he continues his quest for the silver lining.

Jonathan Yardley is on the staff of The Wash-

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 books throughout the United States Weeks on list acconsecutive.

PALE KINGS AND PRINCES, by Robert B: Parker
FINE THINGS, by Danielle Steel
HEIRESS, by Jamet Dalley
WINDMILL'S OF THE GODS, by Sidney EMPIRE by Gore Vidal
THE TIMOTHY FILES, by LEWICE MORE DIE OF HEARTBREAK, by San THE LADIES OF MISSALONGHI, by THE EYES OF THE DRAGON, by Stephen King 9
RED STORM RISING, by Tom Clency 11
SPHERE by Michael Cricbion
DESTINY, by Sally Benninan 13
TEXASVILLE by Larry McMartry 10

NONFICTION THE CLOSING OF THE AMERICAN CULTURAL LITERACY, by E. D.

Peck
LOVE, MEDICINE & MIRACLES, by
Bernie S, Siegel
GLORY D'AYS, by Dave Marsh
HOLD ON, MR. PRESIDENT: by Same Dominison
EVERYTHING TO GAIN, by Jumpy and Rosalium Caract
GRACE by Junies Spaniss
A SEASON ON THE BRINK, by John 13. THIS 'N THAT, by Bette Davis with Mi-

ched Herskowitz
THE FATAL SHORE, by Robert Hughes
THE FITZGERALDS AND THE REN
NEDYS, by Docio Reseas Goodwin ADVICE HOW TO AND MISCELLANEOUS WERSTER'S NEWTH NEW COLLE-GIATE DICTIONARY Decrees Web-

MEN MENTIONE WOMEN MEN LPAVE by Cospell Cown and Melvin Kinder THE DIET PRINCIPAL by Victoria Prin-COPAL CONTRACT COOKS.
WITH WINE, by Add Smid.
SIBLENGS, WITHOUT, RIVALRY, by
Adds Tabor

with the second second

BRIDGE AN COURT SHE SHE WHO WHAT

By Alan Truscott

the former world champion ruffed a diamond and exited Gabriel Chagas overcome a with the trump seven. East bad trump split. Against four won and led the diamond hearts doubled West led a queen forcing South to ruff. A spade to the king and ace. East chub was led, and East ruffed had failed to open the bidding and led the spade six. South and was known to have begin with long, strong hearts, the spade king and, in view of the opening lead, a high diamond.

three, and East wished he had and should have returned a ON the diagramed deal chub was led, and West rook gramed position, thus guarant a slightly greedy double helped the form took the sace,

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Barriers Seen To Export of NFL Games

Addition of such

International Herald Tribune
PARIS — Tickets for the Denver Broncos-Los Angeles Rams exhibi-tion game in London on Aug, 9 are going quickly and a sellout of the 80,000-seat Wembley Stadium is expected for a second year. But where else ourside North America can a fan hope to see a National

Football League game live?

Nowhere, Brian Sipe thinks. 'It's lot to be soon," the former quarterback for the Cleveland Browns admitted. Harry Carson, the inside linebacker for the New York Giants, spould only agree. "The Giants were sivited to play the Broncos in Longuistic Control of the C invited to play the Broncos in Lou-ion this summer," he said, "but the coach decided he didn't want the sam to be distracted by the travel and planning involved." Jin light of the turnout for the ballas Cowboys-Chicago Bears same in Wembley last year, Sipe

was asked at a French news conference whether more U.S. teams were considering exhibitions in Paris, say, or Frankfurt or Rome. His mitial answer was that NFL teams ought to be interested.

Now he was having second thoughts. "I haven't talked to any ody from the franchises," he said. "What I meant is that the teams would have to look at Europe as a potential television market, which s where the big bucks are. At least I would lock at it that way.

"What I should have said to the French is that If you like NFL football, the league will find out and bring it here. It's a matter of money. But you have to like it a lot.

In 1978, Carson recalled, "the Giants were invited to Mexico City by the Mexican government, all expenses paid, just to hold a training camp. We practiced three or four days, no pads, just jerseys and helmets, and the stadium was full.

Thousands of people."

Carson and Sipe were brought to
France by the U.S. Embassy and the NFL Players Association to further the sport, and Sipe wanted to end by providing some hope.

"NFL coaches are all pretty much the same in their thinking." he said. "Nobody wants to be taken for an oddball, scheduling exhibition games around the world. But if they're all doing it, nobody could complain. That's the key to it: Lots of international games.

"And why not? When I was with the Cleveland Browns, we played exhibition games in places like Lincoln, Nebraska, and Stillwater, Oklahoma. The idea was to build up the market. So why not London or Paris or Rome?

Why not indeed?

NBA Stars Are to Play 2 Exhibitions in Spain

WASHINGTON — A team of Williams said that before the really surprised, Robinson said. National Basketball Association draft, Twas really really nervous. There's a lot of options open to tars was leaving Tuesday for a like I am just before a game." two-game tour of Spain.

The 24-man squad includes such over in the first half-hour of the players as Tree Rollins of the Atdraft, he spent the rest of the round

Foreign Selections 76crs. The NBA stars are to play an 23. When the Bullets announced Thursday and a Spanish all-star seat in the interview room and be- ciated Press reported.



Boston's Dennis (Oil Can) Boyd on the way to a 5-2 victory over Milwaukee in his first start of 1987, after arm trouble.

The Oil Can's Fixed, And Red Sox Are Glad

Compiled by Our Staff From Dispatches
BOSTON — The Boston Red Sox have reason to feel good about baseball again after watching Dennis (Oil Can) Boyd pitch for the first time this season.

"It's good to be back," Boyd said after allowing only five hits and two runs Monday night in his 1987

BASEBALL ROUNDUP major-league debut. Boston defeated the Milwaukee Brewers, 5-2, in a game called in the eighth inning

ecause of rain. Boyd threw 82 pitches in an imressive return from the disabled list. Except for three rehabilitation starts in the minors, he had not nitched since a Florida exhibition game March 25 because of tendinitis in his right shoulder.

Boyd, who left after seven innings, was in a happy mood in the clubhouse after the game was called with reliever Calvin Schiraldi on the mound. "My arm feels good, no pain at

all, no tightening up," Boyd said.
He said, "I feel I'm still capable of winning 15 ball games, and those 15 games will be credited to the team. I think I'm a big plus. I can help the team get going."

It's been a struggle since the start

of spring training for the Red Sox, who lost last year's World Series to the New York Mets. Pitching ace Roger Clemens held out all spring and got off to a slow start; and men like Jim Rice, Dave Henderson and Marty Barrett have fought season-

Boston is 32-37, 101/2 games behind Toronto and New York in the American League East.

said. "I watched my cartoons to keep my mind off the game." Wade Boggs extended his hitting streak to 23 games and raised his average to 380 with two singles. He also walked and scored a run in a

Before taking the mound, Boyd

three-run third.
Athletics 4, Royals 1: In Oakland, the Athletics snapped Bret Saberbagen's six-game winning streak as Steve Ontiveros won his fourth straight. Jim Eisenreich, in his return to the major leagues after a three-year absence caused by a nervous disorder, pinch-hit and ended the game by fouling out. Yankees 7, Orioles 3: In Balti-

more, Willie Randolph and Dave Winfield drove in two runs each during a five-run seventh inning to send Baltimore to its 21st loss in 24

Tigers 2, Blue Jays 0: In Detroit, Frank Tanana pitched a five-hitter for Detroit's first shutout of the season and Alan Trammell hit a home run for the Tigers.

Mariners 3, White Sox 0: In Chi cago, Scattle's Mike Moore and Bill Wilkinson combined on a seven-

Angels 7, Rangers 3: In Arlington, Texas, the California rookie DeWayne Buice struck out six batters in 4% innings of four-hit relief for the victory.

Cubs 3, Pirates 2: In the National League, in Chicago, Keith Moreland blasted a two-run homer in the ninth for the Cubs.

The NBA Draft Was a Little Man's Biggest Hour

By Michael Wilbon

Washington Post Service NEW YORK - David Robinson decided to pose with Vice President George Bush and play a few holes of golf Monday, rather than come here for the formality of being selected by San Antonio as the No. 1 pick in the NBA's college draft. No suspense there. But later in the first round, the Washington Bullets created lots of excitement.

With the 12th pick, the Bullets drafted a man who, if he makes the team, will be the National Basketball Association's smallest player ever - the 5-foot-3 (1.61-meter) point guard Tyrone (Mugsy) Bogues, from Wake Forest.

Bogues helped make history again about 45 minutes later when his former high school teammate, Reggie Lewis, was drafted with the No. 22 pick, by the Boston Celtics.

Bogues and Lewis had played together at Baltimore's Dunbar high school, along with Reggie Wilfiams of Georgetown. And with Williams having been picked No. 4 by the Los Angeles Clippers, it was the first time that three high school teammates had been drafted in the

Since Williams's uncertainty was the city and the people." team in Puerto de la Cruz, Canary gan slapping high fives with every- In the third round, the Atlanta from Italy, and Franjo Arap Islands, on Sunday.

In the third round, the Atlanta from Italy, and Franjo Arap Hawks chose 6-foot-10, 235-pound 7-1 center from Yugoslavia.

when Lewis's name was announced was only slightly more subdued. We were all determined, we all

wanted to make something of our-selves," Williams said. "I knew we'd all have productive college careers. But you just can't expect, with all the tens of thousands of players across the nation, that three little guys from one team would wind up going in the first round like this "I'm really proud of Mugsy.

How long has he been proving people wrong, the people who keep saying he's too small?" Bob Wade, who coached the

three at Dunbar and is now coach at University of Maryland, said: "Im proud of every last one of them. But for a guy like Tyrone to beat the odds and be the 12th pick of the first round is just fantastic. Monday's proceedings started off when San Antonio called the name of Robinson, Navy's 7-1 ail-

able to join the Spurs for two years because of military duty, if he decides to play there at all. Robinson got the official word while at Indian Springs Country Club in Wheaton, Maryland, for a charity golf tournament after a photo session with Bush. "I'm not

America who probably won't be

ianta Hawks, Rolando Blackman rooting for Bogues and Lewis, who of the Dallas Mavericks and played his college ball at North-Chris Barkley of the Philadelphia eastern, to be picked within the top born, 7-foot center from the Uni-The Philadelphia 76ers took versity of Washington, as the 16th intrasquad game in Valladolid on Bogues, Williams jumped out of his player in the first round, The Asso-



Tyrone Bogues, who is 5-foot-3, shaking hands in New York with another first-round choice, Dallas Comegys, 6-9.

Song Tau of the Chinese national team, and Atlanta did not choose Marchulemis of the Soviet Union, a an American player for the rest of the draft.

The Hawks then took Theofanis Christodoulou of Greece, a 6-8, 210-pound forward; José Antonio Montero, a 6-4 guard from Spain; Ricardo Morandoti, a 6-6 forward from Italy, and Franjo Arapovic, a

Golden State took Cherunas Jock Wallace, a Scotsman. 6-3 guard, in the sixth round. their players to come play in the ciedad de San Sebastián. the Russian at 24 years of age," he

said of Marchulemis.



Hot-air inflated covers shielding Wimbledon's courts before the rain let up Tuesday.

Wimbledon Rain Ends, Becker Wins

WIMBLEDON, England — Boris Becker began his rain-delayed defense of the Wimbledon men's tennis championship Tuesday with a 6-4, 6-2, 6-4 victory over Karel Novacek of Czechoslovakia. Second-seeded Ivan Lendl defeated Christian

Saceanu of West Germany, 6-2, 3-6, 6-3, 7-5, and Stefan Edberg of Sweden won his first match without losing a game. Edberg, the fourth seed, downed another Swede.

Stefan Eriksson, 6-0, 6-0, 6-0. It was the first whitewash at Wimbledon since the open era of tennis began in 1968. Almost 28 hours after it was supposed to start,

play got under way on the center court and 17 surrounding grass courts at the All England Lawn Tennis Club. Rain that washed out Monday's play and half of Tuesday's card threatened through the late after-noon but held off to allow the first series of

matches to be played. To accommodate the backlog of matches, officials announced that play on all courts would

begin at noon Wednesday, up to two hours earlier

Becker and Novacek received cheers from the center court crowd when they stepped out to start play, after a false start aborted by a shower an hour

Becker, bidding to become the third man to win three successive Wimbledon titles since the challenge round was dropped in the 1920s, brought more cheers with acrobatic shots, including a win-ning volley in the second set that he hit with his left

hand after switching the racket on the dead run from his normal right-hand grip.

The 19-year-old West German broke Novacek for a 3-2 lead in the third set on a backhand that skipped off the net cord and dropped over, leaving

the Czechoslovak sprawled on the grass. In the 10th game, Becker finished the match by olding serve at love with two aces, a service

winner and a backhand drop shot. Amid the persistent rain, organizers had said Monday that they might consider moving the start of the tournament back a week to try to catch bener conditions.

British Managers' Iberian Migration

LONDON — It would be stretching truth a bit to suggest the British are colonizing Spain. But soccer missionaries, part of the export package during Britain's empire building, are gathering on the Iberian peninsula.

By Friday seven British managers will be running Spanish clubs.

Three more work in Portugal. English is back in vogue. Lousy linguists, the British may be, but pesetas by the billion are gambled on Anglo-Saxon discipline and rig-

or transforming the Latins.

Terry Venables set the pace by guiding Barcelona to last year's Spanish championship. John Mortimore has just led Benfica to Porrugal's league and cup double, a feat promptly followed by his removal at the whim of a new club president who wants Carlos Parreira as coach

Parreira is a winning coach in the United Arab Emirates, but he flopped in Brazil.

Mortimore's next port is Betis of Seville, whose local rival Sevilla is driven by the hell-fire coaching of

In another corner of Spain, John Toshack, former center-forward of We've kind of gotten a feel that Liverpool and of Wales, has won the Russians. . are going to allow an extended contract from Real So-

NBA, if possible, after the '88 He has a new challenger, another Olympics," said the Warriors coa-Brit in Basque country. Howard ch. George Karl. "This would put Kendall abandons English champidall when his Everton board opted man is fishing for employment out the Russian at 24 years of age," he on Everton to tackle declining Ath-to sell top scorer Gary Lineker afon Everton to tackle declining Ath-

championship marathon. Some of Kendall, an astute man who at 17 was the youngest player in a Wembley cup final, quits Everton at 41 after leading the club twice to explane, another league. victory in the championship and also the FA Cup and Cup Winners'

Cup inside three years. He had a contract with two years

ROB HUGHES new four-year deal worth more than any manager in England.

Yet Kendall catches the gravy plane to Spain, to sunshine, benevolent taxation, and fanatics who have not - yet - forced anyone to

Kendall dismisses talk of Bilbao paying him 45 million pesetas (\$355,650) simply to sign on. "If all I'd wanted was to be secure," he says, "I could have accepted Everton's very, very attractive offer and jogged along for four years.

But there is that little bit of

ambition in me to go out and work on the continent. That flame of ambition."

An old flame. Last year Ker was sounded out as a possible replacement to Venables. Venables staved and when Venables recently signed for another year in Catalonia he is said to have recommended Kendall to the Bilbao what you are trying to achieve, they president, Pedro Aurtenetxe.

Imagine what it meant to Kenmillion (\$4.76 million).

"An offer you couldn't refuse?" Kendall was asked, "An offer the Atletico Madrid. club felt they couldn't refuse," he responded.

selling, he cajoled consistency from life back into the club.

Everton is not the optimum in

clubs were barred from Europe, to run and employers who offered a and Everton's plea for the European Parliament to curtail free movement of talent is futile. Not least important was Ken-dall's desire to be a coach, in the

Spanish custom, without burying himself beneath mountains of managerial office work as in England. Kendall joins a club steeped in British ways (hence Athletic and not Atletico).

recently Ronnie Allen turned a poor team into Spanish champion. Kendali, given two years to do a similar job, will not achieve it by spending: Every man in Bilbao's

"It takes time to understand the Basques," observes Toshack in San Sebastian. They are completely Spain. In the south they would throw their arms around you, but you really mean nothing to them. Here, once the people understand respect you."

Down south, a seventh Englishawaits Friday's official announcement of the presidential race at

No major English club thought Everton found there was life af-ter Lineker. Yet consider what it all that cuts two ways. Spaniards must have taken to motivate such a don't put much faith in their own,

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Baseball

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Texas, 52; Wintleld, New York, 51.

Hills: Boges, Boston, 97; Pucketh, Minnesoio, 90; Fernandez, Toronto, 81; Randolph, New York, 82; Tabler, Cleveland, 82.

Doubles: Tabler, Cleveland, 82.

Change, Bustler, 77; Bosss, Boston, 17; Torvevans, Boston, 17; Browns, Texas, 55; Fernandez, Toronto, 58 ettzer, Kansos

City, 5; Wilson, Karnes City, 5.

Hemse Russ; GBell, Taronto, 22; AnGwire, Ookland, 22; Barderlei, Tronto, 18: LA Parrish, Texas, 17; MDavis, Ookland, 17; OBrien, Texas, 17; MDavis, Ookland, 17; OBrien, Texas, 17; MDavis, Ookland, 17; OBrien, Texas, 17; Stotes Bostes; Reynolds, Seattle, 24; Rien
Stotes Bostes; Reynolds, Seattle, 24; Rien-

NATIONAL LEAGUE

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PITCHING

224 224 223 221 219 218

Major League Leaders

Texas. 17. Studen Bases: Reynolds. Seattle. 24; RHenderson. New York. 21; PBradley, Seattle. 22; Resus, Chicago. 20; Wilson, Kansas City. 20.

PITCHING

Wos-Lost/Winsins PC/FRA: (5 decisions)—Berenguer, Alansesolo, 5-0, 1.000, 1.02;
Guetterman, Seattle, 5-0, 1.000, 2.65; Schmidt, Barilmore, 7-1, 875, 2.56; Musselman, Toronto, 6-1, 887, 2.47; Saberingen, Kansas City, 12-2, 857, 2.23.
Strikeouts; Longston, Seattle, 123; Clement, Boston, 103; Higuera, Allweukes, 100; Swindell, Clevetand, 92; Alwith, California, 91.
Saves: Piesace, Allwouker, 14; Jihowell, Ookland, 14; Reardon, Admenatola, 14; Righetti, New York, 14; Henke, Toronto, 12.

rinnet). 57: Caleman, St. Louis, 54; JClark, St.

cinnoti, 57; Cateman, 51; Louis, 54; J Clark, 51; Louis, 53; Gwynn, San Diese, 49. RB4s; J Clark, 51; Louis, 66; Dowson, Chico-so, 63; EDavis, Cincinnati, 61; Wallach, Mon-treat, 60; McGee, 51; Louis, 52; Hits: Gwynn, San Diesa, 90; Maldonado, San Francisca, 88; Hatcher, Houston, 86; Leonard, San Francisco, 85; DMurphy, Allan-

Leonard, San Francisco.

1a, 82.

Daubles: Wallach, Montreal, 22; Leonard,
San Francisco, 22; Maldonada, San Francisco, 22; GDayls, Houston, 20; Gaterraga, Mon-Watt. 19.
Triples: Bonds, Phitsburgh, 6; Samuel, Philodelphia, 6; Coleman, St. Louis, 5; Gwynn, San Diego, 5; Awilisan, New York, 5; McGee, 51. Louis, 5; Oester, Cincinnal, 5.

Diego, 5; Nester, Cincinnoil, 5

Louis, 5; Oester, Cincinnoil, 5

Home Rans: DMurphy, Atlanto, 22; EDovis,
Cincinnoti, 22; Dawson, Chicago, 20; JClark,
St, Louis, 20; Strowberry, New York, 20; Virgil, Aslanto, 20,
Stojem Basses; Coleman, St, Louis, 46; EDavis, Cincinnoil, 29; Hatcher, Houston, 25;
Gwynn, San Diego, 24; Raines, Montreal, 20,
Wan-Lost/Winsiang Pct/ERA: (5 deciSionts)—Leoch, New York, 5-0, 1,000, 249; Magrane, 51, Louis, 5-0, 1,000, 2,57; Hatfman, CirChnorit, 6-1, 357, 1,02; Meads: Mouston, 5-1, 323,
A25; Alexander, Atlanto, 4-1, 300, 2,25; Mec.

Cinnoti, 6-1, 257, 1.02; Meads, Houston, 5-1, 232, 6,35; Alexander, Atjonto, 4-1, 200, 3,26; Mc-Ciure, Montreal, 4-1, 200, 4,56; Trout, Chicaso, 41. BOO. 248. s: Scott, Houston, 125; Ryon, Hous-Strategis: Scott, Houston, 125. Nyar, Houston, 197. Fernandez, New York, 91; Hershleer, Los Angeles, 87; Volenzueld, Los Angeles, 81, Soves: LeSmith, Chicapa, 19; Bedroslan, Philodebhild, 16; Worrell, St. Lawis, 16; France, Cincinnati, 14; DSmith, Houston, 11.

Tennis

Wimbledon MEN'S SINGLES First Round Boris Becker (1), West Germany, Borts Becket (17. Novacek, Czechositwakia, 6-4, 6-2, 6-4. Stefan Edberg (4), Swedan, det. Siefan Eriksson, Sweden, 6-0, 6-0, 6-0. Ivan Lendi (2), Czechoslovakio, deł, Chris-tian Sociamu, Wesi Germany, 6-2, 3-6, 6-1, 7-5. Pai Cash (11), Australia, deł, Marcei Freeman, U.S., 6-9, 6-3. 6-2. Jookim Nystrom (13), Sweden del. Henrik Sundstrom, Sweden, 6-2, 6-7, 6-4, 6-3. Wolly Mosur, Australia, del. Casalo Matta,

Weary Mouse, Australia (A.) 6-4, 6-4.
Guy Farget, France, def. Thomas Muster,
Austria, 6-4, 6-4, 6-4.
Stephen Show, Britain, def. Todd Wilsben. 11.5.62.64.62

NBA Draft Selections

day at the Felt Farum, with height, por

FIRST ROUND 1, Son Antonio, David Rebinson, 7-1, c., Navv.
2, Pincentx, Armon Gilliam, 6-9, f., Navvado-Las
Vegas, 3, New Jersey, Dennis Hactson, 6-5, g.
Ohio State, 4, L.A. Clippers, Regole Williams,
6-7, p-1, Georgetown, --5, Seattle (fram New
York), Scattle Pispen, 6-7, f., Central Arkansas, 6, Socramento, Kenny Smith, 6-3, g, North
Carolina, 7, Cleveland, Kevin Johnson, 6-1, g,
California, 8, Chiloppe (from Denver through
New York), Olden Polynica, 6-17, c. VirginiaRiminial, Italy.
9, Seattle, Derrick McKey, 6-9, f. Alabams.

9, Seattle, Derrick McKey, 64, 1. Alabama. 16, Chicago, Harace Grant, 6-10, I.-C. Clemson. 11, Indiano, Reggle Miller, 6-7, 9-f, UCLA. 12, Washington, Tyrone Bogues, 5-3, 9, Wake Foresti, 13, L.A. Cilipeers (from Houston). Joe Wolf, 6-11, I-c, North Carolina. 14, Golden State. Tel-lis Frank, 6-10, I. Western Kentucky. 15, Utah, 1990. Critic, 4-10, I. Western Kentucky. 15, Utah, 1990. Critic, 4-10, I. Organ State. 16, Philodel-Jase Orliz 6-10. 1. Oragon State. 16. Phili phia. Chris Welp, 7-0. c. Washington. phia, Chris Weip, 7-0, c. Washington.

17, Portland, Ronnie Murphy, 4-5, p. I. Jacksorville, 18, New York (from Milwaukes
through Seattle), Mark Jackson, 6-3, g. St.
John's, 19, L.A. Chippers (from Defrait), Ken
Norman, 6-8, f, fillinols, 20, Dalles, Jum Farmer,
6-4, g. Alphama, 21, Arianta, Dallas Comegys,
6-9, f, DePaul, 22, Basion, Repgie Lewis, 6-7, g-1,
Northbooteron, 23, and antonic (from L.A. Leit.

SECOND ROUND

g. Memphis Stote.

40. Milwoukee (from Portland). Winston Gorland, 4-2 g. Seuthwest Missouri State. 41. Cleveland (from Allwoukee). Kannerd Johnson, 4-7, f. Western Kentucky. 42, Allonto (from Defroil). Terrance Balley. 4-2 g. Wosner. 43, Philadelphia (from Defites through Hew Jergey). Andrew Kennedy. 4-7, L. Virglind. 44, Allonto. Terry Coner. 4-1, g. Alabomo. 45, Boston, Brod Lohous, 7-0, f. Iswo. 46, Phoe

nix (from L.A. Lakers through L.A. Clippers Terry Williams, 6-9, 1, Souther THIRD ROUND

Basketball

THIRD RQUIND

47, L.A. Cipoers, Tim McCallister. 6-3. g.
Oklohoma, 45, New Jersey, Jamie Walter. 6-4.
g, Virginia Union, 49, New Yerk. Jerome Batiste, 6-9. l. McNeese State, 51, Son Antonio.
Phil Zevenbergen, 6-10. l. Washinston, 57, Socramenta, Sven Meyer. 6-11, c. Oregan, 52.
Cleveland, Donald Roval, 6-7, 1, Notre Dame.
S. Physiol. Wilsten. Crife, 6-7, 1, Trace A&M. Cleveland, Donald Roval, 6-7, f. Noire Dame.
53. Phoenix, Winston Crite, 6-7, f. Texas A&M.
54. Demer. Tom Scrofer, 6-7, f. Texas A&M.
55. Seattle, Tammy Amaker, 6-8. s. Duke. 56,
Chicago, John Fev. 6-9, f. Millersville, Pa. 57,
Philodelphia (from Indiana), Hanss Gnod. 618. c. Alaska-Anchorage. 58, Golden State.
Darryl Johnson. 6-2, g. Michigan State. 59,
Washington, Danny Peorson, 6-4, g. Jackson-ville. 69, Indiana (from Houston), Sean Couch,
6-19. g. Columbia. 61, Utan, Clarence Martin,
6-8, f. Western Kentucky. 42, Philodelphia,

6-8, f. Western Kentucky, 62, Phi Eric Riggins, 6-9, f., Rutsers. 63, Parlland, Kevin Gomble, 6-6, 9, Iowa, 64, Milwaukee, J.J. Weber, 6-7, 1, Wisconsin, 65, Detroll, Eric White, 6-8, 1, Peoperdis, 64, Dat-tos, Mike, Richmond, 6-9, 1, Te-as-El Poso, 67, Atlanta, Song Tau, 6-9, 1, China, 68, Urch (from

78. Septile, Todd Linder, 4-7, 1, Tamsa. 79. 1
Chicasa, Jock Holey, 4-10. c. UCLA 80, Cleveland (from Indiana). Corven Holcombe, 4-5. e.
Texas Chrissian. 81. Washington. Scott
Thombson, 4-11, c. San Diego, E. Houston, Joe
Niego, 4-a, s. Lewis. III. 83. Golden State, Benale Botton. 4-8. f. North Carolina State, 8-1, 1, 1, Alabama State,
85. Philodelphia, Brian Runliiv, 4-11, f. Tuisa. 55. Philodelphia, Brion Ranilly, 6-11, f. Tulsa.

Sc. Parriand, Pes Wee Barber, 6-1, s, Florida
Slots. 37. Milwauke. Darryi Bedford, 6-8.

Austin Peav. 85. Detroit. Devid Posson. 6-17.

North Carolina. 39, Dallos. David Johnson. 6-8.

1, Oklobarna. 90. Allanta. Theotonis Christodoulou, 6-8. L Greece. 91. Boston. Darryi Kennedy. 1, 6-5. Oklobarna. 92. L.A. Lokera. Rolph
Totty, 6-1, s, Nartok. Stote.

Scatt Adubata, 6-4, s. Upsaia. 144. Clevel
Michoel Foster, 6-2, s. South Carolina.
Phoenis, Ren Singlebon. 5-9, s. Grand Can
Hambon U. Vo.

147. Scottle. Mike Gomi. 6-8. f. North Can
Stote. 148. Chicago. Ervin Leavy. 6Central Michigan. 149, Indiana, Montel Ha
er, 6-1, s. UCLA. 150, Woothington. Jamie I

sington. Patrick Fairs, 6-5, g. Texas. 107, Utah, Bart Kolped, 6-5, g. Kearney State, Neb.

109, Portiond, David Mass. 6-7, f. Tuisa. 110, Milwaukee, Brian Vougtins. 6-8, f. Cal-Sonta Barbara. 111, Derroll, Gerry Wright, 6-1, faws. 112, Dallas, Sam Hill, 6-9, f. lews State. 113. Atlanta, Jose Antonio Montero, 6-4, s. spain. 114. Boston. Dovid Butler, 6-4, 19 Spain. 114. Boston. Dovid Butler, 6-4, f, Califor-nia. 115. L.A. Lakers, Kenny Trovis, 6-2, g, New Mexico Stole. 6-1. g. Pennsylvania, 119, Son Anto

ver, Kelvin Scarporouja, 6-1, g. New Messco,
124, Seottie, Tom Gneiting, 6-16, c. Brighom
Young, 125, Chicogo, Doug Attenberger, 6-4, g.
Illinols, 126, Indiano, Gary Graham, 6-4, g.
Nevodo-Las Vegas, 127, Golden State, Cheryeas Marchulemis, 6-3, g. Soviet Union, 128,
Washington, Dwayne Schotlen, 6-9, 9, WashIngton State, 129, Houston, Fred Jenkins, 6-4, g.
Tennessee, 136, Ulan, Art Sabb, 6-4, g. Bloomfield College, N.J., 131, Philodelphio, Tracy
Foster, 6-4, g. Alabamo-Birmingham.

Homs, 6-3, g, St. Joseph's, 142, Son Anti-Raymand Davis. 6-7.1, Texas. 143. Sacrame

- inediants Christian. 14. Deriver, Rowan Gartes, 6-10. Hampton U. V. Vs.

- inediants Christian. 14. Deriver, Rowan Gartes, 6-10. Hampton U. Vs.

147. Scottle, Mike Giorni, 6-8. (North Carolina Stole, 148. Chicago, Ervin Leaver, 6-3. g. Central Michigan, 149, Indiagn, Montel Hacker, 6-11. g. UCLA, 130, Woshington, Jamie Dhankashing.

FIFTH ROUND

93. L.A. Clippers, Chad Kessler, 6-8, f. Georgia. 44. New Jersey, James Blackman, 6-1. g. UCLA, 130, Woshington, Jamie Dhankashing. 141. Passa Christian, 151. Houston, Clarence Grier, 6-7, f. Compbett, N.C. 152. Golden Stole, 74. Seannes, 6-4, g. Records, 0.7. Secraments, Vernon Carry, 6-4, g. News Jor. F. Cleveland, Carl Lost, 6-4, g. News Christian. 99. Phoenia, Brent Counts, 6-9, f. Pacific, 100, Denver, Randle Grandison, 6-8, f. New Orleans.

161. Scottle, Mike Giorni, 6-8, f. North Carolina Stole, 148, Chicago, Anthony Millomashing. 149, Indian. Montel Hacker, 6-10, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-11, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-11, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-11, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-12, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 149, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 140, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 140, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 140, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 140, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, Jamie Dhankashing. 140, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, 140, Indian. Montel Hacker, 6-13, g. UCLA, 130, Woshington, 140,

116, L.A. Clippers, Mortin Nessley, 7-2, C. Duke, 117, New York, Howard Triche, 6-4, I, Syrocuse, 118, New Jersey, Perry Bromwell, Brown, 6-8, f, South Alaboma, 120, Sacramento, Daryt Thomas, 6-7, f, Indiana, 121, Cleveland, Harold Jensen, 6-5, g, Villa

Foster, 6-4, 6. Alabama-Birmingham.

132. Partiond, Berndrd Jackson, 6-1, s. Lovela. III. 132. Milwaukes, Goy Elmarce, 6-5, f. VM),
134. Detroit, Antoine Jaubert, 6-5, 9. Michigan.
135. Datios. Guintan Gates. 6-7, 1. Texas-El Paíso. 136. Atlanta. Ricardo Marandali. 6-6, f.
Italy. 137. Baston. Tim Mospell, 6-7, 4. Wisconsin-Sevens Point. 138. L.A. Lakers. Frank
Ford. 6-4, g. Auburn.

SEVENTH ROUND 139. (_A. Clippers, Henry Carr, e-9, f, Wichilo Stats. 148, New Jersey, Frank Booker, 6-2, 9, Bowling Greed, 141, New York, Wayne Wil-

vest Virgine.

155. Partland. Kenny Stone. 6-7, 1. George
Fau, Ora. 156. Derwer (trom Milwoukee). Curtis Hunter, 6-4, 9. North Carolina, 157. Defreit,
Mark Gottried, 6-2. 9. Alabama. 159. Delice,
Mark Gottried, 6-1, 9. Auburn. 159. Allanta,
Franio Arapovic, 7-1, c. y yogstovic. 160. Soeton. Gerry Caroran, 6-7, 1, Northeastern. 161.
L.A. Lakers. Ran Vanderschaaf, 6-8, f. Cemrol
Mostington.

the grand scale of things. England lost financial viability when its

Bilbao has thrice turned to English coaches. Many years ago Ar-thur Pentland led the club; more

seven teams is a Basque.

ter the World Cup for almost £3 Manchester United, Ron Atkinson

A club torn to near-bankruptcy by internecine quarrels, Atletico is Since losing Lineker (21 goals for likely to vote in a new savior, Salva-Barcelona this season) Kendall dor Santos Campano. He, we are overcame injuries to seven of Ever- told, thinks Atkinson has the perton's team. Cleverly buying and sonality and expertise to breathe

turnover of players to win the do they? **BLANCPAIN**



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25. New York, Icon Moore, "A.C. West Virgins Stole, 26, Datios (from New Jersey), Steve Alford, 6-2, g. Indiana, 27, San Antonio, Note Blackwell, 6-4, g. Temple, 26. Chicogo (from Socramento through Detroil), Ricky Winstow, 6-8, f. Houston, 29. Portitond (from Cleveland), Lester Fonville, "7-6, c. Jackson Stofe, 30, Portland (from Phoenix), Nikita Wilson, 6-8, f. Houston, 6-8, f. Lestelland (from Phoenix), Nikita Wilson, 6-8, f. Lestelland (from Phoenix), Nikita Wilson, 6-8, f. State. 31, Denver, Andre Maore. 6-7,

Northeastern, 23, Son Antonio (from L.A. Loi ers), Greg Anderson, 6-10. c-1, Houston. (--traded at conclusion of round for draft plot 24. Detroit (from L.A. Cilopers through Seat-tie). Freddie Banks, 6-2, g. Nevado-Las Vegas. 25. New York, Ron Moore, 7-8. c. West Virginia

f. Lovete, III.

22. Allhaulkee (from Seattle), Bob McConn.

6-9. i. Merenead State. 32. Chicaso, Tony
White, 6-2. s. Tennessee. 34. Indiane, Brian
Rowsom, 6-9. i. North Caralino-Wilmington.
35. Houston, Doug Lee, 6-6. e. Purdue. 34. Washington (from Golden State). Duane Washington, 6-4. s. Middle Tennessee State. 37. WashIngton, Derrick Dowell. 6-4. f. Southern
California. 38. L.A. Clipsers (from Uich
frough Detroil). Nort's Calemon, 6-8. i. Konsas State. 39. Philiadeiphia. Vincent Askew, 6-6.
g. Membris State.

40. Milwaukee (from Portland). Winston

Bosion), Billy Danovan, 6-0, g. Providence, 69, L.A. Lakers, Willie Glass, 6-4, 1, 51, John's. FOURTH ROUND

hey, 6-7, 1, Virginia. 71. New York, Mike Morgan, e-é. f, Droke. 72. New Jersey. Andrew Moten. e-6, g. Florida. 73. San Antonio, Todd May, 6-8, f. Pikaville, Ky. 74, Socrame Arlauckas, a-8, f. Niagara, 75, Cleveland, Chris Dudley, 4-10, C. Yale, 76, Pho 78. Seattle. Todd Linder, 6-7, 1, Tampo. 79.

161. Scottle, Michoel Tuil. 6-2 s. Clemson. 162. Chicago. Anthony Wilson. 6-4. s. Coulsiana State. 103. Indiana. Mike Millims. 6-6. i. North Carolino Charlotte. 104. Houston. Andra Lo-Fieur. 6-3. g. Northeastern. 105. Golden State,

OBSERVER

Upstairs, Downstairs

NEW YORK — The Goetz in their first response to the Goetz verdict, said they feared it would ernment.

City has failed for years to provide normally dangerous life of young its subway passengers with ample black men even more perilous.

It will be said that New Ye A generation of newspaper stories City's government cannot possibly about subway riders robbed, beaten, raped and killed has recited the The city's problems are too hard, details of this failure ad nauseam.

New Yorkers lacking a zest for racial stew too intense for New adventure abandoned the subways York ever to be as peaceful as a long ago and even bolder citizens small town in Indiana. tended to look for buses once night

became obvious, subway users de- ly trundled out as a feeble excuse veloped a sense, possibly distorted for not doing things that could be but nonetheless ominous, of the done if people in charge wanted subway as a danger zone.

New York reinforced the riders' illusion of venturing into no man's land by sealing its token sellers inside bullet-proof booths and letting subway stations and trains become eloquent symbols of impotent government.

government wasn't doing a very good job down there to the paranoid's conviction that nobody overhead cared what happened to you down there so you'd better be ready to make your own law.

also failing up on the surface. Statistics showed that 9 crimes out of 10 brought no arrests and that the that, they are for life's losers. few who did get caught rarely went

bred public paranoia about the bring down upon the proposer the subways, and the city's ho-hum re- fury of every New Yorker who besponse to the conditions contribut- lieves that a life without a limouing to this paranoia lacked only a sine is a life of failure. gunman seething with grievances Nobody who wants to run things about the failure of justice to give in New York, or just to get into a us the Goetz affair years before convenient position for slurping up Bernhard Goetz picked up his gun the gravy, is going to make much

cure the safety of the people, or, as about billion-dollar killings in real the U.S. Constitution puts it, to estate, not domestic tranquillity. "insure domestic tranquillity" and "provide for the common defense."

City has failed for years to insure bad, though. Keeps their minds off domestic tranquillity in the sub- tax abatements for new skyscrapways, and it hasn't been much good ers. at insuring it above ground either.

ing that many black New Yorkers, The government of New York armed in the streets, making the

It will be said that New York insure the domestic tranquillity. the passions in such an ethnic and

One trouble with New York is that this argument, for which there As the city's underground failure is something to be said, is constant-

The New York subway is a typical case. New York chest-thumpers are awfully good at bellowing "greatest city in the world," but mighty quiet when asked why it It was easy after awhile to go subway system as great cities like from the sane realization that the Paris, London, Toronto and Moscow manage to do.

The answer is that people with power in New York have contempt for subways. Subways aid business by distributing the clerks down to Wall Street and the salespeople In fact, though, government was through midtown in the morning rush hour, then redistributing them homeward at twilight. Except for

A proposal to spend the sums that would now be necessary to make New York's system perhaps So the city government's failure half as good as London's would

and took a ride on the IRT.

One fundamental reason for the existence of governments is to se-

White people and black people screaming at each other about how The government of New York monstrous it is down there isn't all

Vietnam, According to Stanley Kubrick

By Francis X. Clines New York Tunes Service

ONDON - The reassuring thing about Stanley Kubrick is that after being deep as Yahweh in the creation of one movie for the last five years, he emerges gen-tle and curious on the seventh day, asking about beer commercials and envying silent-film mak-ers and recalling the pleasures of Manhattan's old Thalia movie theater.

"Have you seen those Michelob commercials?" he asks as if they were samizdat, speaking of the 30-second spots that came uninvited with the Giant football game videos that his sister sent the eminent director all last winter from New Jersey. Then, he had no time to spare for watching anything beyond his own work in progress and a weekly fix of football. They're just boy-girl, night-fun, leading up to pouring the beer, all in 30 seconds, beautifully edited and photographed. Economy of statement is not something

that films are noted for." Sunday morning at Pinewood Studios seems sepulchral in the empty executive offices, as quiet as Hal's deep-space murder scene in "2001," an awful setting to encounter one of a kind. But Kubrick arrives rumpled and lone as the night watchman, offers a simple hello, accepts the fact that he cannot direct the phone to work properly, and settles down to discuss movies and imagination and his own new work.

"It starts with being excited by a story and finally it's telling the five years ago amid what is the story on the screen," he says, speaking of the process of directing. It goes from the most won- tains the imagination. derful literary atmosphere to desperation. It can be as crude as standing up and writing on the back of an envelope when some-one's just said something and it's reciting the confiteor or handi-4 o'clock with the winter sun fad-ing. You've got to shoot it and "That first impression is the you're trying to exploit something that's just come up. It's like a you can never have it again — the quarterback calling an automatic play when he sees the defense he's

His new movie, "Full Metal Jacker," a story hinged on the trauma of the Tet offensive in the Vietnam War, is completed and minutiae of how does a footstep opens in New York on Friday. sound on the sound track when Beckton, an old 1930s-gasworks you're remixing the film."



Matthew Modine as Private Joker in "Full Metal Jacket," new film by Stanley Kubrick (right): "That first impression is the most precious thing you've got."

town abandoned on the Thames, No, he had no craving to make has been destroyed by Kabrick's a signature movie about that war, technical artists, all fiery and he says. He was reading the Virpocked as Hue, the Vietnamese ginia Kirkus Review, as he usualcity of the movie's climax ly does, looking for stirring fiction The movie is literally only about something, anything that might promise a stunning transla-tion to film and he came upon a

pellucid and the ravaged as much

as the naked and the dead. The

screenplay is by Kubrick, Has-ford and Michael Herr, author of

"Dispatches," a memoir of the

"Full Metal Jacket" is a refer-

ence in military bureaucratese to

the rifle cartridge that is the field ammunition of the basic Marine

Corps fighter-killer. The movie is

blue with death and madness but

also characteristically balletic at

times with Kubrick's forensic eye.

particularly in the initial boot

REAL ESTATE

FOR SALE

SWITZERLAND

Switzerland

For Foreigners

Lake Geneva, Geland Valley, Allers, Diablerets, Verbier, Lugar

camp scenes where men are

hours old in Kubrick's finished perfectionist version, and far from talking 1980s box office or novel, "The Short-Timers." He 1960s jabberwocky about his perread a copy. sonal agony through the nation's "I reread it almost immediately Vietnam experience, Kubrick is and I thought, This is very excitdescribing being true to the initial ing, I better think about it for a emotion that struck him when he few days.' But it was immediately first found this story. That was apparent that it was a unique, absolutely wonderful book," he says about the novel, written by hardest part of directing, he says, searching for a good tale that sus-Gustav Hasford, a former Marine combat correspondent whose offering resembles a memoir of the

Staring carefully as a question is asked, Kubrick speaks with his right hand rubbing his brow, often glancing down, like a man

most precious thing you've got, yardstick for any judgment that you have as you get deeper and deeper into the work because making a movie is a process of going into smaller and smaller detail and finally winding up in the

shaved raw for war. The chorustype character. Private Joker, played by Matthew Modine, traverses the war diagonally, encounpassing the propaganda mill of the combat correspondents and the sudden, all-hands combat duty of the Tet offensive by the North Vietnamese. This is an event that shreds the jingoistic romance of the war and makes an

unlikely killer of Joker. Kubrick works hermitlike for years on a picture, searching out a story, writing a script, producing and directing all the way down to, lately, the search for good foreign writers, actors and directors who might not spoil the work for him in the four main movie dubbing markets. His choice of subject matter for a new film is enough to fascinate buffs who have bounded with him across 30 eclectic years from "Paths of Glory" to "Spartacus," from "Lolita" to "Dr. Strangelove," from "2001: A Space Odyssey" to "A Clockwork Orange," from "Barry Lyndon" to "The Shining."

"I'm happy with the picture," he says in this period of pause when he will catch up on 18 months of missed movies, good and bad, and read as ever with the

"My films have all had varying critical opinion and it's always been subsequent critical reaction that settles the scores." :

At 58, Kubrick has been involved in making movies for 35 years, a physician's son who became a relative adventures from the Bronz, dropping from formal education to become a photographer for Look magazine, then moving to motion pictures where he has mastered the basic phases. from writing to financing and reigns as a bookish autodidact of impredictable curiosities. He dislikes Los Angeles, feels New York is technically limited for filmmaking and so finds London the place to work and raise his family in satisfying privacy.

"Just keep at it," he says of his work habit of plunging into the making of each film, analyzing each approaching day's move well into the night before, much like the masters of Kubrick's beloved avocation, chess. "Chess is an analogy — it is a series of steps that you take one at a time and it's balancing resources against the problem, which in chess is time. and in movies is time and money," he says.

Kubrick talks of movies not as Ahah stalks the whale but as a physicist might toss and catch Newton's apple.

"I have a feeling that no one has yet really found the way to tell a story to utilize the greatest potential that films have," he says. "I think the silent movies come closest to it because they weren't trapped in having to present 2 scene which was essentially a stage type of scene; movies consist of little play scenes." He sounds gentle toned, as if he were not discussing the heart of his

As he talks, Kubrick suddenly puts his envy of the silents on a track parallel with his curiosity about the 30-second Michelob spots. "The best TV commercials create a tremendonsly vivid sense of a mood, of a complex presenta-

"Some combination of the two might work," Kubrick says, braiding a fantasy that seems to twirl somewhere within. "I have a feeling that no one has begun to hope of finding another story. do what a movie could really do."

PEOPLE

George Abbott in Form At His Own Centenary

"One hundred seems to be a very lucky number," said George Ab-bott. "One of the great things is that everybody loves you." The entire theater world seemed to be expressing love for Abbott at a gala 100thbirthday party for the producerdirector-writer-actor in New York's Palace Theater. The celebration brought together dozens of theater people who have worked with Abbott, a handful of family members, and 1,600 guests. Accolades were offered by many alumni of George Abbott shows, including Helen Hayes, whose performance in Abbott's "Coquette" 60 years ago was a career milestone; Harold Prince, whose career began as Aba.' bott's office boy 39 years ago; Garson Kanin, the writer and director who was Abbott's assistant director in the mid-1930s; Jerome Robbins, who co-directed "Paiama Game" with Abbott 35 years ago; the lyricists Betty Counden and Adolph Green, and Donald Saddler, a choreographer and long time collaborator, who is doing the musical staging for a revival of Abbott's 1926 melodrama, "Broadway." Earlier, at his office, Abbott allowed that the theater had changed considerably since he made his Broadway acting debut in 1913. Every hit in New York now is a spectacle," he said. "We used to produce shows for \$15,000, which meant there were a lot more suc-

naco inier.

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Prince Watid his Soad, a nephew of King Fahd of Sandi Arabia, was fined £280 pounds (\$448) by a court in London after pleading guilty to being in possession of coed near Oxford in May when the police found the drugs after the · _ . 🖪

The new Earl of Wharncliffe is planning to visit the family seat in northern England this summer during a vacation from his job as a Maine construction foreman, American-born Richard Wortley, 34, upon learning of the former earl's death, suggested he might de-cline the title. But he has since learned that he is the earl whether he likes it or not. "It is not a matter of accepting it or not. It's a matter of declining it if I didn't want to have anything to do with it. I'd hate to break the tradition," he said.

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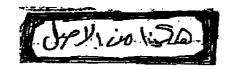
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